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FINANCIAL TIMES

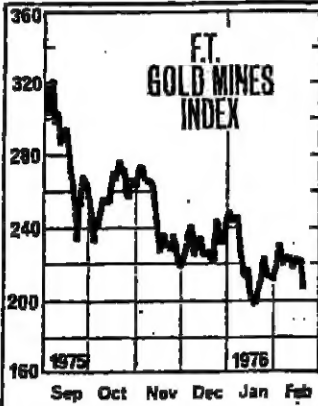
No. 26,897 Tuesday February 17 1976 ***10p

BEARINGS
FROM
POLAND
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NEWS SUMMARY

GENERAL
Stagg death toll now 11
British troops fought a two-hour gun battle with terrorists near Belfast yesterday and a car bomb exploded at the city's central postal sorting office.
The toll in Ulster incidents following the death of hunger striker Frank Stagg on Thursday has now risen to 11 dead and 33 injured. There have been 57 shooting incidents, 20 bombs have gone off and seven others have been defused. Hundreds of vehicles have been hijacked and set on fire.
One hundred and sixteen people have been charged so far with a variety of offences following the week-end's violence. At the inquest on Stagg yesterday, the jury decided unanimously that he had killed himself.
Dublin Provost plan to parade his troops through the town in the Irish Republic once it is allowed out of Britain.

BUSINESS
Goldmines down 9 as African shares fall
THE ANGOLA situation led to marked weakness in African shares. The FT-African Copper sub-section lost 8.2 per cent. at 231.72. Falls were widespread in South African Industrials, while the Gold Mines index shed 9 points to 205.9. Equities generally gave ground but closed above the worst. Trading was the quietest for a Monday for six weeks. The FT 30-share index lost 5.3 at 406.2. Gilt were quiet, with scattered falls of 1.
● INVESTMENT CURRENCY premium dropped 3 points to 109.1 per cent.
● GOLD gained 50c to \$131.
● THE £ fell 25 points to \$2.0233, with its depreciation unchanged at 30.5 per cent.



Chile accused
A UN working party reported yesterday to the Human Rights Commission that torture... has become part of the "normal" in Chile. It said tales of maltreatment "stagger the imagination". The group was not allowed to visit Chile.

Moroccans hit
The Moroccan army's Algerian planes, artillery and tanks overwhelmed their army garrison at Amgala Oasis in Western Sahara and inflicted heavy losses. Odds favour Algerians. Page 31

Hearst tour
Press heiress Patricia Hearst yesterday led the jury in her bank robbery trial on a tour of the hideouts where she was held after her kidnapping two years ago. The tour was requested by the defence to show the conditions under which she was held.

Tennis elbow
Nigerian troops cleared the courts and terraces at the Lagos Lawn Tennis Club yesterday, halting a semi-final between Arthur Ashe and Jeff Borowiak. There was no immediate explanation. The Reuters office in Lagos was closed when its three correspondents, one British, were taken for questioning.

Britons deported
A group of 22 mercenaries, 20 of them British, were arrested by the Rhodesian authorities yesterday on their way to Angola and sent to be deported last night. Zambia's Foreign Minister, Mr. Puzos Banda, said in Nairobi that Angola should be freed of all foreign troops.

Flu gets worse
Britain's flu epidemic is not yet at its peak, though more people are already affected than in the major 1968 epidemic.

People and places
Thirteen youths on charges arising out of violence at last week's Chelsea-Crystal Palace cup de have been bailed, but must report to the police on Saturday afternoons for four weeks.
Recruiting for the armed forces rose by 14 per cent. in the second half of last year.
Twelve countries signed a treaty in Barcelona to nurse back to health the polluted Mediterranean.
Six people were hurt when an open door on a freight train hit a passenger train near Bletchley, Bucks. yesterday. Miss Tamara Day-Lewis, 22, daughter of the late poet laureate Cecil Day-Lewis, was badly hurt.
The death toll in week-end avalanches in French ski resorts rose to 12 yesterday when two more bodies were found.
Britain's world kissing champions Paul Trevillion and Sadie Nine kept their title by default when their challengers were disqualified for cuddling.

CHIEF PRICE CHANGES YESTERDAY
Prices in pence unless otherwise indicated

ARMOUR Trust	8 + 3	Edwards (1936)	60 - 14
Arrol Rubber	73 - 4	Fitch Lancel	63 - 3
Barton (U.K.) Prop.	48 + 4	Old Bazaar "A"	630 - 30
Dunford and Elliott	46 + 3	P & O Ltd.	108 1/2 - 4 1/2
Emp. Wine	160 + 10	Primrose	125 - 48
Henderson-Kenton	45 + 4	Ratcliffe (F.S.) Inds.	26 - 4
Leve and Borden	78 + 10	Standard and Chrted.	450 - 10
MTF Warehouses	50 + 2 1/2	Trust Bank Africa	50 - 3
Martin (R.P.)	67 + 4	Turner and Newall	100 - 7
Weir & Co. (S.D.)	256 1/2 + 9 1/2	LASMO	183 - 13
Timconrol	60 + 8	Shell Transport	350 - 8
Westfield Minerals	170 + 13	Uramor	172 - 10

FALLS:

Abercom	225 - 35	De Beers Ltd.	265 - 20
FTI	175 - 10	Globe and Phoenix	25 - 6
Barlow Rand	220 - 10	Manila MTD	70 - 8
Banker McConnell	135 - 17	Messina	215 - 35
Cane Inds.	145 - 8	Pet. Plt.	140 - 8
Dalcry	246 - 10	Union Corp.	535 - 30
		Wankie Colliery	30 - 8

BRITISH INITIATIVE BELIEVED LIKELY

Rhodesia talks on brink of breakdown

BY TONY HAWKINS, SALISBURY, FEB. 16

THE RHODESIAN constitutional talks between Mr. Ian Smith and Mr. Joshua Nkomo appeared to be on the brink of breakdown today—after President Kaunda of Zambia "bloodbath" speech and an attempt by the anti-Khomo African National Council faction to "leak" details of the talks to the Press.
It is understood that in an apparently unsuccessful attempt to get South Africa to exert further influence on Mr. Smith, Mr. Nkomo held secret talks with the South African Secretary for External Affairs, Mr. Brand Fourie.
Mr. Nkomo flew to the Swaziland capital of Mbabane on Saturday for talks with King Sobhuza, but it is believed that he met Mr. Fourie to urge him to try to keep the Rhodesian talks alive.
South African sources say that a British initiative to prevent the talks collapsing is likely with speculation that Mr. James Callaghan, Foreign Secretary, will offer to act as an intermediary.
At present, the Smith-Nkomo talks are scheduled to continue in plenary session on Wednesday, despite the efforts by the Muzorewa ANC to brand the Nkomo proposals "a sellout".
But the enormous gulf which separates the two sides is exemplified by the fact that under Mr. Smith's proposals, majority rule would be delayed for more than 20 years at the very least while, under Mr.

Nkomo's, majority rule would be achieved within two to three years at the outside.
Sources close to the Nkomo ANC have been expressing concern in the past week about President Kaunda's seemingly increasingly hostile attitude towards the talks. This has now come into the open with the Zambian President's hard-line speech at the week-end.
It is understood that the Nkomo terms provide for three inter-linked voters rolls mainly determined by income, education and job security, but providing universal adult suffrage.
The upper or "A" roll would be dominated by the white voters (of whom there are about 85,000) but with a possible 25,000 to 30,000 blacks being able to qualify on this roll.
The middle or "B" roll would include between 400,000 and 500,000 voters (of whom the majority of them black) while the "C" roll would include remaining adults unable to qualify on either of the two higher rolls.
What matters, however, is not the actual franchise qualifications themselves, but the number of members of Parliament they would return.
It is believed that the ANC proposals provide for 144 seats of which 35 each would be elected by the "A" and "C" rolls, and the remaining 72 by the "B" roll.
Every voter would have two votes, so that "A" roll and

BSC aiming to be in profit next year—Finniston

BY ADRIAN HAMILTON

A RAPID IMPROVEMENT in production since Christmas should enable the hard-pressed British Steel Corporation to keep losses below £300m. in the current financial year. Sir Monty Finniston, chairman, disclosed here today.
Speaking at the "Brins" of the corporation's biggest and most modern blast furnace, he added the even more optimistic prediction that next year BSC would be aiming for a profit and that the five-year period 1975-80 should see it with a healthy return.
His optimism that the Corporation has at last turned the corner of its worst depression in 40 years comes at a time when BSC had widely been expected to make a loss of around £300m. this financial year.
Largely because of better

labour relations and improved trading conditions, losses have been cut from a level of £5m. a week late last year to about £5m. a week in January.
This still represents a substantial drain on financial resources, and with the rate of improvement now levelling off, other corporations' executives are more doubtful than their chairman of seeing BSC swing back to profit so soon.
The corporation, whose borrowings are now running at some £1.5bn. the latest estimate, its £250m. borrowing limit, and the Government is expected to introduce a Bill to raise the limit within the next few months.
Meanwhile, the corporation is in a serious row with the Department of Industry and the Treasury over the Government's decision to restrict sharply the

Irish, Italian loans agreed

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

BRUSSELS, Feb. 16.

EEC Finance Ministers today gave the go-ahead for £1.3bn. to be raised in Community-backed loans for re-lending to Italy and Ireland. In the first operation under the Community's joint borrowing scheme, aimed at helping members in balance of payments difficulties, Italy is to get \$1bn., and Ireland \$300m.
Both loans will be for five years. The precise terms, including interest rate levels, remain to be settled. Although the original purpose of the loan scheme, first mooted in 1974, was to recycle Arab oil money, it is expected that only the Irish loan will be raised directly from an oil-producing country, probably Saudi Arabia, while the Italian loan will be raised by a consortium of banks on the Euro-currency markets.
The loans are subject to the borrowing countries following EEC economic policy guidelines set at Community level. Mr. Denis Healey, the Chancellor of the Exchequer, pointed out, however, that both Governments were already committed to following the set of policies that would be recommended.
Mr. Healey brushed aside any suggestion that the U.K. was

considering asking for such a future pattern of employment in all industrialised countries. One topic for the discussion should be the developed world's reaction to rising commodity prices.
It was agreed to hold the meeting in Luxembourg within the next two months.
After a review of the funds available for lending by the European Investment Bank, Mr. Healey said several countries were worried that lending to EEC members might fall below past levels in view of increased commitments to non-members such as Greece, Portugal and Turkey.
The Ministers are to give further study to a Dutch proposal for an increase in the Bank's capital of about 5 per cent. a year, which would allow the Bank to meet its aim of directing about 20 per cent. of its loans to non-member countries.
The Ministers postponed a discussion of proposals for a change in the unit of account used in the EEC budget, so as to reflect present market rates of member countries' currencies. Officials said the problem would now be discussed at the Ministers' next meeting in mid-March, in the hope of reaching some kind of solution in April.
Surge in Middle East loans

Controlling public spending

Treasury puts trust in cash limits

BY ANTHONY HARRIS

THE TREASURY in its official reply to recent criticism of the control of public expenditure by the House of Commons Expenditure Committee, comes nearer than ever before to admitting that the systems used in the past have failed, but is relying on the new system of cash limits, backed up by new systems for monitoring actual expenditure more quickly, to put things right.
The cash limits—which may broadly take the form of being set at the time, and the local spending departments that they are intended to be made in due course of inflation target—are intended to will receive no money for any cost increase beyond the official line with movements in pay and prices.
But the idea of cost-planning five years ahead, put forward by the Committee, is rejected as technically unreliable, with the observation: "The Government would not be inclined to move in the direction of further elaboration of systems or of co-ordination of forecasts, which have their limitations."

While the report admits that it will take some time to "run in" the new cash control system, the idea is to develop it in time into a two-year rolling cost control programme.
The Committee's request for cost figures in the five-year projections of public spending published in the expenditure White Paper (which will appear for this year next Thursday) is, however, rejected as impracticable, since relative costs cannot be forecast reliably.
The Treasury shows keen interest, on the other hand, in the Committee's call for the clearer linking of spending decisions with taxation as a way of checking the propensity of politicians to spend taxpayers' money, and clearly regards this as an important way of drumming up public support for Treasury discipline on spending.

This is a theme to which the Chancellor has given prominence in many public statements: the report observes, revealing that these remarks are part of a planned Treasury propaganda drive. "The Treasury will continue to take every opportunity to develop this theme."
Second, Special Report from the Expenditure Committee, session 1975-76. ESO: 22p.

£ in New York

	Feb. 15	Previous
Spot	\$2.0230-0350	\$2.0150-0315
1 month	4.75-0.75 pts	0.65-0.65 pts
3 months	2.25-2.15 pts	2.25-2.15 pts
12 months	1.62-1.42 pts	1.76-1.76 pts

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Janet Baker

by ANDREW PORTER

by WILLIAM PACKER

Manufacturer's estimate, October 1974, of group as defined in H.M. Government Tables

EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING

WORLD TRADE NEWS

S. KOREAN MOTOR INDUSTRY

Domestic hurdles for Hyundai

BY KIM SEUL

SOUTH KOREA'S Hyundai Motor Company has at long last started putting its "Pony" car on the local market, ushering in the era of domestically manufactured cars in this country. The four-cylinder, 1,233 cc compact model has more than 90 per cent local components by value, though it was designed by the Turin-based Fiat Company to Hyundai's specification.

However, it does not precisely conform to the idea of a "People's Car" as its planners and the Government had originally envisaged. The retail price at which Hyundai is now receiving advance orders for the car is Won 2,280, or about \$2,300—a price which is far beyond the means of the average Korean. The Government has yet to approve the price, but it is highly unlikely that it would reduce it. The unusually high prices of passenger cars in South Korea are attributed to steep import duties on components and sales taxes on completed cars which run from 15 to 40 per cent. The small, uneconomic size of production is cited as another reason.

A Pony car is likely to be the first step towards a more competitive car for export at about \$1,000—the price at which it was originally intended to be made available to local buyers. Hyundai, which has already been contacted by some overseas car dealers, will try new markets such as the Middle East and South-East Asian countries in its attempts to ship its first Ponies abroad. Hyundai officials commented, "We will initially avoid the U.S. and other tradi-

tional Western markets, which are too competitive." Hyundai goes along with the theory that a new entrant to the motor industry should first develop the domestic market so that exports can be built up on the strength gained on the local market.

Mr. George Turnbull, Hyundai's vice-president, was formerly managing director of British Leyland and is responsible for the job of putting South Korea's first integrated car company in good managerial shape and planning its overseas marketing.

An ideal situation, according to Mr. Turnbull, would be for a company to be able to sell 250,000 to 300,000 cars a year in the home market and export cars over and above that. Although the advantage of South Korea's low wages could make its motor industry competitive far before that stage, car exports, he says, are impossible without first building up a home market. Hyundai's car factory is built in the industrial centre in the south-eastern part of Korea. Mostly financed with a \$20m. British loan it is equipped with jigs, dies and fixtures supplied by British Leyland. It is capable of producing initially 52,000 Ponies cars and 20,000 other cars a year, but is designed for raising the capacity to 110,000 cars in the next stage.

The dilemma faced by the South Korean motor industry is that at present the market is not even big enough to warrant

full capacity production by Hyundai on its own. Given the present conditions, 20,000 passenger cars a year is about the size of the domestic market, and the three other local motor companies, which are tied up with foreign makers have the capacity to turn out, in total, several times as many cars as that, without touching Hyundai's production into account.

The Pony uses Saturn engines developed by Japan's Mitsubishi and manufactured by Hyundai under a licensing agreement, and a single overhead camshaft. It complies with the programme for a minor boom promoted by the Government. But it is not the only one in this field. Hyundai in fact is a later starter than Kia Industries, which virtually overhauled the local car market last year by starting to manufacture the "Familia", modelled after the "Familia" of Japan's Toyota Kogyo. Kia, which flourished by having the monopoly to assemble locally Japan's Mazda-brand three-wheel trucks, made its debut with fully-fledged cars only last year, with an annual capacity of 24,000 cars.

General Motors Korea, a local joint-venture company, is said to be pushing ahead with a mini-car plan of its own. It now assembles Chevrolet 1700 and Reber cars. GM in fact is the replacement for Japan's Toyota, which marked the start of South Korea's car assembly business with its Corolla models in the mid-1960s.

Asia Motor Company, the other of the four, made inroads in the market with Fiat models, but now specialises in trucks and other non-passenger cars. The number of all types of new cars sold during last year stood at about 38,000—including 18,548 passenger cars but excluding 11,889 three-wheel trucks—which represented a considerable gain over the previous year. The number of new passenger cars sold in 1979 was 8,400, according to Government statistics. With all motor cars registered with the Government totaling 200,175 at the end of last year—about one car for every 160 people—the home market appears to have a big growth potential.

The main constraint is the high operational cost of cars in South Korea. That side, at the current rate of GNP growth, Mr. Turnbull believes, South Korea's market for cars could become sufficiently large during this decade. Each car owner in South Korea is now required to pay Won 38,400 to Won 61,000 (\$38 to \$56) every three months in motor taxes, depending on the size and type of car. Under the current tax schedule, one would have to pay Won 66,300 (\$66) every three months to own a Pony car. This, coupled with the high price of fuel resulting from high gasoline taxes, makes South Korea one of the most expensive places in the world to run a passenger car.

Whether the Government is willing to cut these tax rates and subsidise the motor industry remains a matter of great concern to local motor companies. The automobile industry, it argues, already suffers from over-capacity and Governments have not faced up to the logical—and the proportion could rise even more sharply if the Comecon countries improve their distribution network in Western Europe. Although the outlook for the commercial vehicle side is, on paper, less disturbing in that growth is around 8.5 per cent annually but is slower, the study does not conceal the threat that the trend represents for Western manufacturers.

Turkey to drop DC-10s

BY MEIN MUNIR

ANKARA, Feb. 16

THE STATE-OWNED Turkish Airlines (THY) are trying to replace their two DC-10 airliners and have opened negotiations with McDonnell Douglas, the U.S. manufacturer, to buy two DC-10s, crashed near Paris in March, 1974, killing all 346 people aboard in the worst aviation disaster in history. The aviation sources said that a deal was struck under which THY would trade its DC-10s with other McDonnell Douglas aircraft.

THY is having difficulties with the DC-10s of which it has two, because of insufficient infrastructure at Turkish airports. The aviation sources also reported that the Turkish Government plans to start a new airline service for smaller cities along the Norwegian coast. The preliminary plans are to set up a company, jointly owned by the Treasury and public and private enterprises, which would own a fleet of five DH7 Super Otter manufactured by De Havilland of Canada.

Comecon exports threaten Western motor producers

BY RUPERT CORNWELL

PARIS, Feb. 17

PASSENGER CAR production of the East European Comecon bloc could grow by an average of 3 per cent annually over the decade to 1985, and its share of world output rise to 10 per cent from the 1975 level of only 4.8 per cent.

These are the main suggestions of a study by the Paris-based Eurostat, a research body jointly owned by 14 leading European and American banks. The report covers the seven full Comecon partners, plus the associate member, Yugoslavia.

The present picture for the Eastern block automobile industry, as painted by Eurostat, is of total car ownership of 8.4m, an annual production of just under 1.9m. Last year, exports reached 130,000 units, and imports 80,000 units, implying domestic consumption of 1.1m.

By the middle of the next decade, these figures are likely to have risen dramatically. The number of private cars in circulation might have reached almost 24m, production over 4m and exports over 4m, while the internal Comecon market could be absorbing 3.5m units a year.

However, the most worrying aspect for West European manufacturers is, perhaps, the likelihood that exports to the East will have multiplied by 24 times to some 6.5m units from only 18,000, while imports will shrink from 80,000 to only 45,000.

Japan, Australia near agreement

BY KENNETH RANDALL

CANBERRA, Feb. 16

JAPAN'S STEEL mills have offered to take up to 55 per cent of their coal import requirements from Australia.

In a statement following his return yesterday from a visit to Japan, Mr. Anthony said he had pointed out that there were a number of new iron ore projects in Western Australia ready to be brought into production, provided they had assured outlets.

On the Japanese request to reduce present contracted tonnages of coal, Mr. Anthony said: "I was very pleased to hear the steel mills request the East to make every effort to take contracted tonnages, cutting back first on exports from other suppliers." He said the mills would not know the overall demand situation until next month or April.

Mr. Anthony said he had taken no part in current negotiations for price reductions on Australian coal. "This is a matter between the buyer and the seller. I said I would only intervene if proposals subsequently put to me for export approval did not meet the Government's requirement that reasonable market prices be achieved."

The Deputy Prime Minister said he had asked for assurances that Japanese demands would match supply if the Australian Government approved the opening-up of new coal projects—specifically at Nello, Hall Creek, Norwich Park and Blair Athol, all in Queensland.

The information given him, he said, had satisfied him that the current blast-furnace construction programme would provide the capacity to take up to one million tonnes of coal a year. The only question to be resolved is whether demand for steel will match the capacity. Japanese confidence was reflected in planned capacity of 150m tonnes a year by 1990.

Mr. Anthony said he would review the proposed new mine projects shortly and also expected to receive Japanese proposals for equity investment in them soon after returning to Australia.

In Government-to-Government talks during the visit, it was agreed to review the Japan-Australia trade agreement, though no timetable was announced.

Foreign interest in Maldives tax haven

BY KEVIN RAFFERTY

MALE, the MALDIVES, Feb. 16

OFFICIALS of the Maldives, the tiny 2,000 Island Indian Ocean republic, say that they have had more than 100 applications from foreign companies interested in setting up businesses in the tax free republic. They told me that Gan, the staging post base which the Royal Air Force is quitting at the end of March, might be made available for a foreign company.

According to the officials the applications have come from U.S., Japanese, German, French, Italian, Scandinavian, Hong Kong and Australian companies. They came in response to an advertisement in the International Press last year drawing attention to the completely tax-free status of the Maldives. The applications included those from companies wishing to process local raw

materials, principally coconuts and fish, and from those which wanted to export goods made from imported raw materials by cheap local labour. But although the Maldivian officials are keen to press the advantages of the islands, foreigners based here see enormous disadvantages which would make most companies shy away from the area. The Maldivian islands are spread over 450 miles of atolls comprising a series of 300 miles from India and Sri Lanka.

In addition the social and educational infrastructure is limited and the total population is only 130,000. Nearly 80 per cent of the people depend on fishing for their livelihood.

AMERICAN NEWS

Washington Post strike may be nearly over

By David Bell

WASHINGTON, Feb. 16

THE FIRST real breakthrough in the four-and-a-half-month strike at the Washington Post newspaper came yesterday when the paper's mailers agreed to return to work this evening.

The mailers, who bundle and sort the paper as it comes off the presses, are expected to be followed very shortly by almost all the other unions who are still on strike or have accepted a new contract but not yet returned to work out of loyalty to other colleagues still on strike. This is likely to leave only the pressmen, who print the paper, manning the picket lines.

For some weeks now Post managers have been conceding to the union's demands in the hope that they would eventually accept a new contract and that others would follow their lead. The paper's general manager joined other executives in drinking champagne last night while they worked, as they have done every day since the strike began, to bring out the paper.

A union spokesman said today that his members had become increasingly worried that if they did not settle their jobs would be in jeopardy. The Post has already demonstrated that it is in a deadly earnest by hiring 140 non-union pressmen who have replaced the regular pressmen who still seem determined not to accept the paper's request that they give up their traditional control of their work schedules.

If the unions and management now expect, the strike does come to a swift end it will be a very considerable victory for the Post, which claims to have made a profit throughout the strike and only to have missed one day's publication since it began. Other newspapers' managements will doubtless draw the conclusion that it is possible to break the pressmen's union, which has once been thought to be almost unbreakable.

The end of the strike will come as a profound relief to the executives and others who have worked six days a week since the strike began, and who have been replaced by the regular pressmen who still seem determined not to accept the paper's request that they give up their traditional control of their work schedules.

Anti-Peron strike closes stores

BUENOS AIRES, Feb. 16

STORES, clubs and restaurants in Argentina closed today in a 24-hour businessmen's protest against President Isabel Peron's management of politics and the economy. The effect was dramatic in central areas where shops, many factories and offices were reported to be virtually unaffected.

Police reported that bombs damaged five Fiat auto agencies and two branch banks in the Buenos Aires area early today. The blasts fit the pattern of left-wing terrorism and had no apparent link to the businessmen's movement.

Merchants, industrialists, cattlemen and farmers supported the strike, called by the Businessmen's Associations Assembly.

Connally 'will run' if President Ford drops out

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Feb. 16

MR. JOHN CONNALLY, the former Treasury Secretary, said that his opinion was that the President was able and competent but that this was not reflected in his public image. He added that, after Vice President Agnew had been forced to resign in 1970, he had recommended that Congressman Ford be named to the post, in spite of the fact that he himself was probably Mr. Nixon's personal choice.

He also disclosed that he had a close relationship with the former President. Mr. Connally said he had no idyllic memories of his time in the White House, but he did not regret having served there. He said that he had a good working relationship with Mr. Nixon, but he did not have a personal friendship with him.

According to a poll conducted by Time Magazine, Americans would prefer—by a margin of 55 per cent to 31—to see a Democrat voted into the White House next November. But the Time poll shows that President Ford is still the most acceptable of the announced Presidential candidates. Meanwhile, a Gallup poll shows that Senator Humphrey, who has not announced his candidacy yet, has drawn level in popularity with Mr. Ford. They both won the support of 47 per cent of those surveyed in the Gallup poll.

His remarks were much less oblique than those of the other principal "Third Man" in the Republican contest, Vice-President Nelson Rockefeller who has hinted at his availability should Mr. Reagan otherwise have a clear path to the nomination.

The whole style of the television programme on Mr. Connally was that of a session with a political confidant. He was sitting in a comfortable chair, with his Texas slacks, relaxing in an arm chair with his grandchildren at his knees. The commentator, Mr. Dan Rather, noted at the outset that Mr. Connally had turned down previous invitations to appear on the programme, but he had not hesitated on this occasion.

Mr. Connally was remarkably candid. Mr. Connally is likely to

be closely scrutinized for all the character and his political stance. Mr. Connally would be a controversial candidate, but he is a politician having switched party in 1972 and having a "Democrats for Nixon" in that year. He would be a certain amount of respect, but not a friend. But he is a man of letters, is a wealthy with access funds—important in the campaign. He is well enough known to be able to know on a hurry if Mr. Connally is a friend or a foe. He is a man of letters, is a wealthy with access funds—important in the campaign. He is well enough known to be able to know on a hurry if Mr. Connally is a friend or a foe. He is a man of letters, is a wealthy with access funds—important in the campaign. He is well enough known to be able to know on a hurry if Mr. Connally is a friend or a foe.

advised President Nixon to burn the tapes, which ultimately destroyed him. He said he had told Mr. Nixon to have a bonfire in the rose garden of the White House, invite the press and everybody else and thereby get rid of the tapes. He would be a man of letters, is a wealthy with access funds—important in the campaign. He is well enough known to be able to know on a hurry if Mr. Connally is a friend or a foe.

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Kissinger goes to S. America

BY DAVID BELL

WASHINGTON, Feb. 16

DR. HENRY KISSINGER, the Secretary of State, leaves today on a nine day tour of six countries in South America designed to reassure them that the United States remains closely interested in developments in the hemisphere. There has been considerable scepticism about this in some parts of South America. The last dialogue that Dr. Kissinger proposed first in 1973 has never been pulled out of Angola. This is in contrast to the Organisation quickly forgotten. The trip itself was to have taken place last year but was cancelled at the last minute because of the collapse of South Vietnam.

On his trip Dr. Kissinger will visit Venezuela, Peru, Brazil, Colombia, Costa Rica and Guatemala and in both Caracas and Bogota he will no doubt have to discuss allegations about the activities of U.S. corporations in the two countries. In the case of Venezuela, the U.S. has a large investment in the oil industry.

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Commonwealth produce price talks delayed

BY CANUTE JAMES

KINGSTON, Feb. 16

THE COMMONWEALTH group of economic experts set up after the 1976 debt-burden of developing countries, and at meeting in Kingston, has postponed the venue of its next meeting from London to next week.

The experts, under the chairmanship of Carlom Secretary of the Commonwealth, were to meet tomorrow morning in London to discuss the debt-burden of the developing world—can either be cancelled, or a moratorium put on interest payments.

The group will attempt to set up a framework within which Governments could discuss the debt-burden of the developing world—can either be cancelled, or a

OVERSEAS NEWS

More attacks on Israel planned by Palestinians'

OUR OWN CORRESPONDENT

ABU IYAD declared in a speech to a mass rally yesterday that there is something the world must know: let us all (Palestinians, military action) die. But we will not let Israel.

The speech, Salah Khalaf, known as Abu Iyad, the man widely assumed to be the head of the Black Panther organisation, said the Palestine Liberation Organisation would never recognise Israel. He also accused the United States of encouraging Hussein of Jordan to try to gain the West Bank of the Jordan River, contrary to the decisions of the Arab summit in Rabat, effectively handing it to the Israelis.

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recognise Israel. This is something we cannot bargain about.

Abu Iyad, who now has the title of Head of the Security Section of the overall guerrilla movement, said the PLO will not pay the "dear price" of recognising Israel in exchange for allowing the Palestinians to set up their own State in the

West Bank and the Gaza Strip. He accused the U.S. of still wanting to fulfil the "United Kingdom plan" of King Hussein. The realisation of this plan, he pointed out, is not possible without suppression or at least checking the influence of the guerrilla organisations.

Commando leaders have expressed deep suspicion of King Hussein's move early this month when he recalled the Jordanian parliament with participation by the West Bank representatives. The leaders said this was an attempt to revive Amman's claim to the West Bank in violation of King Hussein's earlier recognition of the PLO as the sole legitimate representative of the Palestinian people.

West Bank watchers

BY TOM ACKERMAN, IN TEL AVIV

"ISRAEL HANDING over the Palestinian people as a gift to the Jordanian regime," the front page of the local Arabic-language newspaper Al Shaab pronounced recently.

Exaggerated or premature as that contention might be, the headline, and anti-Jordan street demonstrations in Nablus during the past few days, reflect an unmistakable undercurrent of expectation. King Hussein's two-day reconvening of his Parliament, replete with commanding West Bank Deputies, and the reports of U.S.-Israeli agreement on another diplomatic opening towards Amman, are having the intended effect. The West Bank is watching for its Hashemite star to emerge again from behind the clouds.

After an extended period of circumspection, the Mayor of Hebron, Sheikh Mohammed Ali al-Jabari, issued a proclamation from his semi-feudal ballwick hailing the decision to reconvene the Amman House of Deputies. "Participation by Deputies from both sides of the river brings closer a resolution of our cause," he wrote, and cautioned the Arab world outside not to protest against the King's manoeuvre too much.

The Syrians, nominally the vanguard of the Palestinians' cause, have been careful to take a neutral position over the initiative, which has caused some consternation within the ranks of their allies in the Palestine Liberation Organisation (PLO).

In the shorter term, the Israeli occupation authorities have afforded a signal opportunity to test the prevailing mood of the West Bank towns. The municipal elections scheduled for 24 West Bank towns on April 12 are rapidly assuming all the attributes of an open contest between the King's men and those loyal to the aspirations, if not the tactics, of the PLO.

When, last autumn, the military government made known its intention to hold a vote for the first time in four years, the move was widely interpreted here as a ploy by defence minister Simon Peres to advance his long-heralded, yet overwhelmingly



King Hussein: hoping to regain the West Bank.

rejected, programme of territorial "self-administration."

The Israeli revision of the standing Jordanian electoral law so as to give females the franchise was also greeted cynically, though a good turnout of women is expected nevertheless in the larger towns.

Reports circulated that the official instructions from Amman were absolute non-cooperation, and the PLO, it was assumed, would repeat its boycott call which so badly backfired in the previous 1972 campaign, when the Palestinian groups were still smarting from the wounds and humiliation of Black September.

But what has since emerged belies both these initial indications. Even before the 15 West Bank deputies returned home from Amman, pro-Hashemite sources were speaking enthusiastically about the hefty bundle of dinars they would be carrying back for patronage and campaign expenses.

In the past two weeks, two Hussein stalwarts, Sheikh Jalal al-Hebron and Elias Freij al-Bethlehem, formally declared their candidacies for re-election, while others are expected to follow suit soon in Nablus.

If anything illustrates the boldness of the pro-PLO forces, however, it would be the three young challengers to the 73-year-old Sheikh. The first time his majority has been contested in decades.

The free rein given to the territory's two radical Arabic

newspapers is seen by the traditionalists as another complicating factor. Though the standard Israeli military censorship is applied to their news columns, the papers regularly employ highly emotive language in editorials and headlines that many Israeli officials have publicly described as nothing less than incitement. The recent transfer of al-Fajr to Communist ownership has been mentioned as a legitimate pretext not to renew its government licence, but so far the paper keeps publishing undisturbed.

Moreover, while politicians of all stripes insist that their campaigns will be waged on strictly municipal and utilitarian issues, those with PLO endorsement do not hesitate to flaunt it. "We need the PLO—we look to them to be our leader," says Dr. Hatem Ghazaleh, a Nablus physician who apparently won Yasser Arafat's blessing over Hamdi Knuan, a rich anti-Hashemite businessman and former mayor who has just announced he will not seek the title again.

Clearly, the element of socio-economic class is not a consistent tool for measuring which side is which in the evolving showdown. While most of the radicals are under 40, they are also in large measure men of property, or else their extended families can redeem their traditional allegiances at the polling stations.

One idiosyncrasy of Jordanian law, which stays on the books, could be most telling. Though a voter must have paid at least one dinar in annual taxes, every dinar in excess of that can be passed on to qualify for the franchise of an otherwise ballotless relative, tenant or employee over the age of 21. Thus, as the Israelis fully realise, the bigger bankroll could well determine the outcome.

Neither Mr. Arafat nor King Hussein, however, could easily afford to default on what the winner will inevitably describe as the first plebiscite of Palestinian will on occupied Palestinian soil.

Syrians in Beirut mediation mission

By Ihsan Hijazi

BEIRUT, Feb. 16

THE SYRIAN MEDIATION team under Foreign Minister Abdul Halim Khaddam has been engaged in intensive political contacts here to soften up opposition to the Damascus-sponsored agreement on ending the Lebanese crisis and to prepare for a national reconciliation.

The three-man team, which includes the commander of the air force, Vice Air Marshall Najif Jamil, and the Chief of Staff, Major General Hikmat al-Chehab, has been concentrating its contacts on Moslem and Left-wing leaders who have objected to the reforms announced by President Franjeh on Saturday.

These leaders, who include former Premier Saeb Salem and Left-wing chief Kamal Jumblatt, have said the reforms concentrated rather than ended the confessional character of the Lebanese system. Similar objections have been made by Pierre Gemayel, the president of the Christian Phalange Party.

The Syrians have proposed a congress of national reconciliation to be held at the end of the crisis and so Lebanese politicians may let bygones be bygones and turn a new page in Lebanon's history.

At the congress, the Syrian team will announce the successful termination of its mediation, papers here said today. Efforts are under way to mark the end of the crisis and so Lebanese politicians may let bygones be bygones and turn a new page in Lebanon's history.

If politicians will be reluctant to join, technocrats will be chosen to fulfil the 17-point programme of reforms announced by Mr. Franjeh.

The Syrian media and Lebanese radio have been publicising the reforms as a turning point in Lebanon's political history.

Mao 'started anti-Teng battle'

HONG KONG, Feb. 16

IS current political campaign against "revisionists," still targeted at Vice Premier Teng Hsiao-ping, was initiated by Communist Party Chairman Mao Tse-tung, Radio reported to

monitored broadcast was to be the first time any Chinese agency has placed a chairman behind the ideological struggle.

During the trend of the class struggle and grass-roots combat opportunity, Mao Tse-tung said in a speech

at a mass rally held in largest city last Friday, debate, which began as a on of education policies, ended in a vehement attack on Chinese leaders purged the cultural revolution for past errors.

Teng is most prominent in that category.

The Vice-Premier, who assumed most of Chou En-lai's duties before the Premier's death last month and was considered Chou's certain successor, was passed over last week in favour of Hua Kuo-feng, a moderate and a protégé of Mao.

In recent weeks attacks in wall posters and at college rallies have mounted against so-called "revisionists" and "capitalist roaders," with Teng their apparent target.

UPI

Colina Macdonald adds: Vice-Premier Chou Chün-chia, who rose to high office in China as a result of the cultural revolution, on Saturday received a group of West German visitors from the Christian Democratic Union and the Christian Social Union. This is his second appearance in a week, while Vice-Premier Teng Hsiao-ping, now apparently under attack in a Press and poster campaign,

has not been visible since the funeral of the late Premier Chou En-lai. Until the surprise appointment of Hua Kuo-feng as acting premier ten days ago, Teng was generally expected to succeed to Premier Chou's position.

As Vice-Premier Chang's previous contacts with foreigners have generally been confined to the reception of delegates from Communist parties abroad, this may mark a new turn in his career. Previously Premier Chou or, lately, Vice-Premier Teng mainly dealt with non-Communist visitors from the West.

When the West Germans asked Vice-Premier Chang about the campaign apparently attacking the Vice-Premier, he is reported to have told them that the criticism was aimed not at a person but at a trend. He also said that if he had strayed from the line of Chairman Mao Tse-tung he would expect to be sharply criticised by the masses.

Ethiopian cops kill 100

OUR OWN CORRESPONDENT

ADDIS ABABA, Feb. 16

IA's provisional military government announced yesterday a section of the Electoral Act relating to bribery.

The decision was announced today by the Attorney-General, Mr. J. Elliott, QC, after a police investigation into allegations made a December by an independent candidate for the Senate election then in progress.

A former West Australian Liberal Party senator, Mr. George Howard Branson, now a political consultant in Canberra, will also be charged, the Attorney-General said.

Mr. Michael Cavanaugh, who stood for a Canberra Senate seat, has alleged that in Mr. Branson's office at Parliament House, Mr. Branson gave him \$4,400 for certain campaign expenses and \$1,000 for other expenses.

Mr. Cavanaugh said he was also offered the organisational assistance of Liberal Party members.

The money was handed to the Canberra Times newspaper, which published the allegations, and is now in the hands of the Attorney-General.

Immediately the Attorney-General made his announcement today, the Prime Minister, Mr. Malcolm Fraser, moved to fill the vacancy in the Ministry, saying: "I regret very much the events which have made these steps necessary."

Mr. Anthony Staley, 36, a former university lecturer from Victoria, was appointed to the Ministry. A close associate of Mr. Fraser's and former parliamentary secretary to the previous Liberal Party leader, Mr. Bill Snedden, Mr. Staley was a key figure in the coup which saw Mr. Fraser replace Mr. Snedden last March.

Mr. Snedden, bypassed for the Fraser Cabinet, easily won the Liberal Party ballot today for nomination as Speaker when the new Parliament opens tomorrow.

At his pre-opening meeting today, the Labor Party opposition decided to make no ruling on a proposed boycott of the ceremonies to be presided over by the Governor-General, Sir John Kerr. The Labor members agreed that a decision would be a matter of individual conscience.

Labor Party branches and unions are planning a demonstration of more than 1,000 supporters during the opening ceremony, but the Labor Government and Sir John Kerr's dismissal of the Whitlam Government last November.

Joint Delhi-Dacca inquiry

DAKKA, Feb. 16

Dacca also accused some Indian border troops of entering Bangladesh and laid what officials here described as "incontrovertible proof" of the intrusions. But this afternoon as he boarded an aircraft for Calcutta, Major-General Gopal, head of the Indian Border Security Forces in Meghalaya, said to the Financial Times what they are saying is something I do not understand. What incidents? We don't know of any. There are ground rules and inspections can be held as per those rules.

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Australian ex-Minister to face bribery charges

BY KENNETH RANDALL

CANBERRA, Feb. 16

MR. RANSLEY Victor Garland, 41, who resigned as Minister for Posts and Telecommunications in the Australian Government ten days ago, is to be charged under a section of the Electoral Act relating to bribery.

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EUROPEAN NEWS

Spain's Foreign Minister plans visit to Britain early next month

BY ROGER MATTHEWS

SPAIN'S FOREIGN MINISTER, Sr. Jose Maria de Arellano, is due to pay his first official visit to London for talks with the British Foreign Secretary, Mr. James Callaghan, at the beginning of March. Provisional agreement has been reached for the talks to begin on March 2.

Sr. Arellano is expected to raise three main topics: Madrid's relations with NATO; the possibility of Spain drawing closer to the Common Market; and British attitudes towards a more purposeful reopening of talks on Gibraltar. The Government of King Juan Carlos has stressed that it remains committed to the eventual recovery of Gibraltar—"an integral part of Spain"—

but will pursue this objective through negotiations.

It is recognised in Government circles here that London is among the more "difficult" Western European capitals from the Spanish point of view. The British have proved one of the most obstinate members of the EEC in demanding positive proof of Spanish democratic intentions before offering new trade talks and members of the Labour Government such as Mr. Michael Foot have shown little sign of being convinced by the "liberal" noises emanating from Madrid.

The Spanish Foreign Minister will undoubtedly try to convince Mr. Callaghan of the "slow but sure" democratic process being undertaken in Spain and may offer this as a means of convincing the Gibraltarians that their

personal liberties will be assured under Spanish sovereignty.

Sr. Arellano is now on his second major European tour during which he is having talks in Brussels, Dublin and The Hague and also meeting Dr. Joseph Luns, the secretary general of NATO, and senior members of the EEC commission. He has previously been in Paris and Bonn.

Meanwhile, King Juan Carlos and Queen Sofia this evening began a six-day trip to the North-eastern region of Catalonia where demands for autonomy have been backed up this month by two massive demonstrations in the capital of Barcelona. The King and Queen are being accompanied by Prime Minister Carlos Arias and Interior Minister Fraga Iribarne and on Friday

the Cabinet is scheduled to hold its regular weekly meeting in Barcelona.

Although the King has shown little political initiative, it is understood that he may find time to receive some of the more moderate Catalan opposition leaders.

Several people were injured and others arrested during demonstrations in other major cities over the week-end. Some of the most vigorous police action was reported from Vigo where thousands of demonstrators were repeatedly charged. In Valencia, police were also heavily involved on Saturday and Sunday breaking up groups of workers who have recently been sacked for participating in strikes.

MADRID, Feb. 16.

Nine close to joint recognition of MPLA

By Reginald Dale

BRUSSELS, Feb. 16.

THE NINE EEC countries tonight appeared to be close to announcing their recognition of the Soviet-backed MPLA Government in Angola in a joint diplomatic initiative. But talks were this evening still going on at a meeting of the Nine's Political Committee in Luxembourg.

The aim would be to underline the Community's political solidarity by announcing recognition at virtually the same time in all nine capitals, also to pressure the recovery which began in the later stages of 1975 continued into January, spreading from the consumer goods sector to semi-finished products, hitherto in the doldrums.

Consumer demand remains buoyant while industry's order books for capital goods have flattened throughout December and January according to the Bank of France—in implicit support of M. Fourcade's estimate that the economy has been expanding at an annual rate of 6 per cent. since the third quarter of last year.

The two disturbing features are employment and above all the outlook for France's foreign trade. The latest unemployment figures show that January at best

Poor export performance slows French recovery

BY RUPERT CORNWELL

PARIS,

FRANCE is now firmly on the path out of recession, but the sluggishness of export markets is raising a distinct question mark over prospects for the country's foreign trade this year.

These are the main conclusions of a variety of official studies and pronouncements here, including a report from the Bank of France and a characteristically cheerful assessment of the economy from the Finance Minister, M. Jean-Pierre Fourcade.

Like the statistics institute, Fourcade said the central bank notes that the recovery which began in the later stages of 1975 continued into January, spreading from the consumer goods sector to semi-finished products, hitherto in the doldrums.

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The two disturbing features are employment and above all the outlook for France's foreign trade. The latest unemployment figures show that January at best

saw a levelling out at slightly over 1m. jobs. Meanwhile, as the Statistics Institute itself remarked, the upturn so far almost entirely reflects improved domestic demand. Foreign orders are becoming a levelling out at slightly over 1m. jobs.

Finance Minister Jean-Pierre Fourcade said French reserves are ample despite recent intervention sales to support the franc. He said in a Press interview published following the Franco-German summit in Nice that the reserves position is completely comfortable due to the considerable quantities acquired through intervention purchases in 1975.

Reuter

France notes that the of economic revival have not affected all producers, who are trying their products to be sold internationally.

"This unfavourable leading French index keep their prices at some times lower than the increased cost materials—if they were some contracts on the market as well as when they have received approval to raise them.

The bank said the orders and reduced January were almost to a rise in domestic capital goods but somewhat following incentives on January. The study said it is not clear whether the French economy is in a more preferable position to build up their share to a moderate order to be better able to recent evolution of the economy. A progressive recovery in French economy in 1976 would be almost an expansionary trend, involve the application of policy because of pressures, according to Commercial de France AP-DJ adds: The latest monthly report by the Bank of

Lisbon talks on shift to civilian government

LISBON, Feb. 16.

MILITARY leaders today inaugurated extended talks aimed at defining Portugal's political future for the next four years and settling differences among political parties. The discussions were to last all week and the soldiers scheduled working sessions with delegations from the five largest parties.

After today's inaugural session, the military planned to meet on Tuesday with the Socialists and the following day with the Left of Centre Popular Democrats.

These would be followed later in the week by the Communist Party, the Centre-Right Social Democratic Centre Party and the Portuguese Democratic Movement, a Communist ally.

The talks came as the military and politicians worked to finalise a pact transferring most of the work of government from the armed forces to elected officials.

When this pact is signed, its provisions for power sharing over the next four years between the military and politicians will be incorporated into the constitution being written by the constituent assembly.

Completion of the constitution will in turn pave the way for legislative elections scheduled to be held by April 25, the first time in half a century that the Portuguese people will have the opportunity to freely elect its Government.

The Socialists have come out in favour of delaying Presidential elections until at least six months after the legislative vote, but the Popular Democrats have pressed for both elections to be held at the same time. This appeared to be the main snag remaining to final agreement on the pact between the parties and military.

Military sources said it was likely the Armed Forces would also sound out with the politicians possible military candidates for the Presidential elections.

The soldiers also planned to discuss the revamping of the Armed Forces in an effort to beef up discipline and consolidate operational effectiveness in the wake of the abortive November 25 Left-wing military revolt.

The revamping stemmed from the need to trim down a fighting force bloated by years of colonial wars in Africa and adapt it to changed strategic needs resulting from Portugal's abrupt shedding of its African empire.

UPI

Tindemans clarifies proposals for majority vote in EEC Council

BY RUPERT CORNWELL

PARIS, Feb. 16.

BELGIAN PRIME MINISTER Mr. Leo Tindemans today stoutly defended his proposals for European union while trying to dispel doubts over his suggestion that majority voting become the rule in the EEC's decision-making Council of Ministers.

In a luncheon speech here he concentrated on the original blunt recommendation of his report that majority voting become the normal practice within the Council of Ministers.

"I preside over a government where we are not always in agreement and where we rarely vote," he said. Decisions were reached because the minority, after efforts at compromise,

relations with the Third World and the attitude which Europe ought to adopt towards conflicts on the doorstep of the Community.

The system Mr. Tindemans sketched out today would be similar to that operating within the Belgian cabinet, and apparently something less than the original blunt recommendation of his report that majority voting become the normal practice within the Council of Ministers.

"I preside over a government where we are not always in agreement and where we rarely vote," he said. Decisions were reached because the minority, after efforts at compromise,

These issues would include

came round to the majority view.

A like method should be adopted within the EEC, if it was to possess a quick and efficient decision-making body. Once participants were agreed that it was better to act together then logic dictated that they undertook to overcome their differences.

Mr. Tindemans rounded strongly on the critics of his report, which is due to be discussed by the European Council of heads of government of the Nine in Luxembourg at the start of April. "I have the impression that it is the principle of European union which is being challenged rather than the contents of my suggestion," he stated.

Steel floor price plan rejected by EEC Finance Ministers

BY DAVID CURRY

BRUSSELS, Feb. 16.

THE PLAN to establish minimum EEC-wide steel prices to combat the recession in the industry was given the kiss of death today by Common Market Finance Ministers.

At the crunch only Luxembourg was left in favour of installing an immediate minimum price system. The French, previous ardent advocates of intervention, yesterday joined the ranks of those who felt that the technical problems of fixing prices and policing the system were to great in the face of a market situation which was

anyway improving.

The Commission in the face of council lack of enthusiasm dropped a broad hint that it could well abandon the idea of minimum prices if it were clear that the market situation was steadily improving.

The Council, although leaning heavily against minimum prices, suggested that the Commission might still consult the Coal and Steel Consultative Committee on what actual price levels could be imposed but quite clearly the Commission will now be in no

hurry to do so. The expectation is that the project will simply run into the ground.

Even if the Commission does manage to negotiate price levels within the deeply seated consultative committee, the proposal would have to come back to the full council for final approval—and approval which would almost certainly be refused. The opposition to minimum prices has been led vociferously by the Germans on the grounds that intervention would hinder—and dislocate recovery instead of assisting it.

Kreisky in Prague talks

PRAGUE, Feb. 16.

CHANCELLOR Bruno Kreisky arrived in Czechoslovakia today on the first official visit by an Austrian Head of Government since World War II. He was welcomed by Premier Lubomir Strougal and he is scheduled to meet Communist Party leader Gustav Husak.

A major obstacle to the visit was removed last year when the two countries signed a treaty providing compensation of about \$50m. (\$55m.) to Austrians whose property in Czechoslovakia was confiscated after the war.

Kreisky is expected to discuss improved economic ties and the

resettlement of families living on either side of the Iron Curtain border.

Kreisky, who arrived on a special train, first laid a wreath at the memorial of the Unknown Warrior, and then went straight on to the Hradshin Palace, the Prime Minister's residence close to the Prague Castle.

According to the official CTR news agency, he and Strougal discussed in detail further possibilities of economic co-operation between the two countries. A plenary session between both delegations was taking place this afternoon in the Foreign Ministry Agencies

Soviet winter wheat damage may be slight

MOSCOW, Feb.

VERY COLD weather at the end of January and in early February may have affected progress of the Soviet winter wheat crop only slightly, say Western agricultural experts.

The unusually low temperatures, which reached as much as minus 50C in some areas, could have damaged growth in regions of the Southern Ural, a part of the Ukraine, they say.

This year's winter wheat crop started badly, with lack of moisture following the drought last summer, the experts say. Reuter

First cautious optimism shown by survey of Dutch business

BY MICHAEL VAN OS

AMSTERDAM

THE SURVEY of Dutch business 50 per cent had thought it too

cautious optimism. The majority of companies surveyed by the Central Statistics Bureau excluded foodstuffs, liquors and tobacco also showed that industrial activity has still remained the same time, the Government has stated that January provided further evidence of the current downward trend of prices.

The official CBS test published in The Hague showed that new orders and the order book positions have improved from the previous month's survey. Home orders had remained virtually unchanged, but export orders had shown some increase. However, 39 per cent of the companies surveyed still thought the order position too low in December.

The proportion of companies which made large production cuts as a result of insufficient orders had declined marginally to the still high figure of 67 per cent.

The Government stated earlier that unemployed now is stabilising, follow measures taken to cut jobs market, now state market prices had been cut in January, on the same month the (the December level) cent, compared with last August.

The Government has been briefing in The Hague this year were according to plan. For the year prices were to rise an average of 5 per cent, with a stiff prices policy, a 5 per cent by the year compared with 1975.

Iceland general strike threat

Iceland's 40,000 private employees threatened to go on a general strike at midnight last night over a wage dispute with the employers' association which would paralyse this island nation of 200,000 inhabitants.

The Icelandic unions have demanded up to 25 per cent in higher wages and benefits. Although the employers have not offered any wage increases, a special mediation committee has put forward a proposal of about a 13.5 per cent increase in three steps this year.

About 40 per cent of Iceland's fishermen have already walked out in demands for higher wages. All incoming and outgoing flights in Iceland faced cancellation and most stores in Reykjavik faced closure as did all fishmeal factories and fish canning and freezing plants.

Med pollution case

Authorities in Corsica and Nice will demand about Frs.60m. (\$8.6m.) in damages from the Italian chemical firm Montedison for dumping toxic waste in the

Mediterranean, a lawyer representing them said in Paris yesterday.

Titanium oxide residue from the firm's factory at Searling, south of Florence, was dumped from ships in the Ligurian sea between Italy and Corsica in 1973. In 1974, Montedison's managing director and three senior employees, accused of causing the pollution, were given suspended jail sentences by an Italian court. The case will go to court in mid-summer, the lawyer said.

Anglo-Dutch talks

Netherlands Prime Minister Joop den Uyl met Mr. Wilson in London yesterday for a brief round of talks believed to centre mainly on Common Market and European economic problems.

Mr. den Uyl, who was accompanied by Foreign Minister Max van der Stoep, was returning to the Hague last night.

Yugoslav PM's tour

Premier Dr. Zvezdan Jivkovic of Yugoslavia left yesterday for a tour of 3 per cent.

official visits to France and Luxembourg to expand Yugoslav and economic relations with three European countries. The EE slavia's biggest econ

Yugoslav deficit

Yugoslav foreign trade ended with a considerable surplus to 5 per cent, with a 7 per cent more than previous 12 months, with a 2 per cent increase. The trade deficit which is \$288.6m. in 1974. In real terms both exports and imports are in favour of Yugoslavia port prices increasing, and import prices. In 1974, the 32 and 46 per cent. What most worries slavia is the deficit which amount to \$443.94m. more than that. That resulted from per cent in exports for crease of 3 per cent.

April 28th - May 6th, 1976

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German bankruptcies rise 19% in 1975

GUY HAWTHIN

bankruptcies in West Germany last year, according to a report by the Federal Statistical Office. The report shows a rise of 19 per cent over the total for 1974, a black year for the country.

The year under review saw a rise in the number of bankruptcies from 2,342 in 1974 to 2,787 in 1975. The increase was particularly marked in the manufacturing sector, where bankruptcies rose by 16.2 per cent to 1,583.

However, there is some comfort to be drawn from the fact that the rate of increase slowed considerably during the latter half of the year. Black forecasts that insolvencies would reach 2,500 mark have not been realised.

In January, bankruptcies were running at 38 per cent above the level of the same month of 1974. The pattern continued through the first half with the rise in insolvencies running at between 23.7 and 27.1 per cent a month up to 36.3 per cent above the 1974 position.

By the end of the first three quarters, the average rate of increase had been brought back to 23.4 per cent. In the third quarter of the year, increase rates of 6.8 per cent in August and 5.8 per cent in September brought the average increase for the three months back to 15.7 per cent.

Attribution was mainly among the smaller concerns and, indeed, the estimated losses through insolvencies fell by 11.2 per cent from 1974's DM7,250m (close on £1,400m) to DM6,400m (nearly £1,240m).

Highest hit of all was the service sector. Some 1,597 service concerns started bankruptcy proceedings—30.4 per cent more than in 1974. The construction industry, which suffered heavily the previous year, saw 1975 insolvencies increase by 15 per cent to 1,589. In the processing sector bankruptcies rose by 18.8 per cent to 1,865 while there was a 0.6 per cent decline in the trading and transport sector where the total was 1,509.

Ireland resists equal pay order

HILARY MERRITT

DUBLIN, Feb. 16.

THE Irish Government is refusing to accept the EEC's equal pay directive, claiming that it is incompatible with the Irish Constitution. The Government's refusal has led to a dispute with the EEC, which is threatening to take the case to the European Court of Justice.

The Irish Government claims that the EEC directive is incompatible with the Irish Constitution, which guarantees equality of rights between men and women. The Government argues that the directive would require it to pay women the same as men for the same work, which it claims would be unconstitutional.

The EEC, however, insists that the directive is a fundamental principle of the Community and that all member states must comply with it. The EEC has threatened to take the case to the European Court of Justice, which would have the final say on the matter.

The Irish Government has also argued that the directive is incompatible with the Irish Constitution, which guarantees equality of rights between men and women. The Government argues that the directive would require it to pay women the same as men for the same work, which it claims would be unconstitutional.

War snub to Moscow envoy

J.R. OWN CORRESPONDENT

MOSCOW, Feb. 16.

WAR spilled over into diplomatic life today as the British ambassador to Moscow, Sir John Jones, was snubbed by the Soviet authorities. The incident arose after Sir Jones had been refused a routine request to visit the Soviet Embassy in London.

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to ban 'weather war'

GENEVA, Feb. 16.

CURS from 30 nations today agreed to ban the use of nuclear weapons in the atmosphere. The agreement was reached after a series of negotiations in Geneva, which aimed to prevent the use of nuclear weapons in the atmosphere.

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Testing the taboos

BY DAVID LASCELLES

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Kremlin urged to let more Jews leave

BRUSSELS, Feb. 16.

SOVIET OFFICIALS have indicated that 750,000 of the country's Jews want to emigrate, an organisation of an international conference on Soviet Jewry opening here tomorrow said today.

Mr. Stanley Lowell of the United States said that in the five years since the first conference, also held in Brussels, 115,000 Jews had left for Israel. The Soviet Union said then that no Jews wanted to leave. The facts speak for themselves," he told a news conference.

"Our best guess now is that 750,000 Jews want to leave. This is the opinion we got in discussion with many people, including the Soviet Union itself in its earlier moments," he added.

Mr. Lowell, chairman of the U.S. Conference on Soviet Jewry, did not elaborate on who in the Soviet Union provided the estimate.

More than 1,200 delegates from 32 countries will attend the three-day conference which will open with hymn-singing and speeches.

Among the speakers will be former Israeli Premier, Mrs. Golda Meir and Senator Frank Church of the U.S. In Israel, Mrs. Meir said she hoped the conference would "stir the consciences of men of goodwill everywhere."

Mr. Greville Jahner, a British Labour MP, told today's Brussels news conference that the restriction on emigration of Soviet Jews was a serious threat to détente.

The Soviet Union and Arab nations have protested to Belgium over the holding of the meeting and an Arab League conference in Cairo warned that it could have "negative effects" on Arab-Belgian relations.

Meanwhile, Belgian police put special guards around the Palais des Congrès and in front of hotels where delegates stayed.

Turkish and Greek Cypriot negotiators will try to-day in Vienna to find a formula for the island's future. But the prospects appear bleak. Metin Munir, Ankara correspondent, looks across...

The Cyprus gulf

THE CYPRUS peace conference starting in Vienna today is likely to serve little purpose except to reinforce an awareness that its participants have negotiated more and achieved less than the case with most disputes in modern history.

Turkish Cypriot leader Rauf Denktaş and Greek Cypriot negotiator Glafkos Clerides came together at least 200 times before the war of 1974 which split the island into two, and have met four times since then. They have been unable to make any progress towards a settlement and, in the opinion of Cyprus experts here, will not do so now.

The pair's efforts appear to be afflicted with a futility akin to that of the mythical Sisyphus ceaselessly rolling his rock to the top of the mountain, only for it to tumble back down of its own weight.

However, Mr. Denktaş and Mr. Clerides have not the rock nowhere near the top yet. On the contrary, their mountain appears to grow taller.

Basically, the problem is that there is a very wide gulf between the Greek and Turkish views on what should be the final status of Cyprus, and neither side is ready to compromise for a modicum of domestic and international political considerations with which Cyprus is hopelessly entangled.

The Turkish view has been clear and unchanging since the war which gave the Turks control of 36 per cent of the island. The Turks want a two-zone federation with geographically separate Turkish and Greek states united under a figurehead central administration guaranteed by Ankara and Athens.

In exchange for this, they are willing to make unspecified territorial concessions which will enable at least some of the 200,000 Greek Cypriots displaced to the south by the war to return to their homes. Mr. Denktaş and Ankara do not seem prepared to budge an inch from this position, and nothing short of the remote possibility of the use of force, may change their minds.

Last year in Vienna, Mr. Clerides accepted the federation proposal on condition that satisfactory territorial concessions were made. But in Nicosia, President Makarios vetoed it and embarked on an international campaign to put pressure on Turkey.

He brought the matter before the nonaligned countries' conference in Lima, the UN general assembly and, through Greece, to every other available international forum, meanwhile telling Athens and the archbishop could not get out of the national forum, meanwhile telling Athens and the archbishop could not get out of the national forum, meanwhile telling Athens and the archbishop could not get out of the national forum.

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to publish the text of their agreement. Ankara sent the text to UN Secretary-General Kurt Waldheim and began to show it to allied ambassadors.

This time it appeared that the Greeks, not the Turks, were trying to pull the carpet from under the talks. Ankara suspected that the talks' intention was to influence the U.S. Congress, then debating the embargo on arms to Cyprus.

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strong feeling of *deja vu* in Mr. Clerides, who has heard these proposals many times before. Initial reports from Nicosia suggested that Mr. Clerides would propose the formation of a cantonal republic, with Turks living in pockets where they had concentrated in large numbers before the war and the Greeks returning to their homes elsewhere on the island. If he does this, the talks will end before they even start.

However, more recent reports suggest that Mr. Clerides will urge that he and Mr. Denktaş each try to devise specific proposals to be considered at a later date. Effectively, though, this means only that the two men will confront each other with proposals already put forward and rejected several times.

Ankara is expected to insist on remaining within the framework set in Brussels and the general feeling here is that the talks will not last long.

Both Mr. Denktaş and Mr. Clerides are realistic men who are aware that the present bizonal status quo is virtually unchangeable. But neither has the last word. Mr. Clerides is accountable both to Archbishop Makarios, who is not prepared to ratify a bizonal deal under any circumstances, and Athens, which wants to use Cyprus to provoke the U.S. Congress in continuing with the embargo on arms to Turkey.

Mr. Denktaş cannot act without a go-ahead from Turkish Prime Minister Süleyman Demirel, who is too weak to authorise territorial concessions even given the remote possibility of the Greeks accepting bizonal federation.

Thus, the Cyprus problem can be expected to continue to remain in limbo at the cost of heavy suffering of both Turkish and Greek Cypriots until a stronger will to solve it is manifested simultaneously in Athens, Ankara and Nicosia—labelled by one observer here as the "Bermuda triangle of the Mediterranean."



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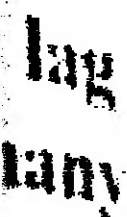
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DATE OF REPLY

NAME

Shipbuilder sees 'home rule' danger

By Our Own Correspondent

REAL DANGER existed that the Glasgow Shipowners' Association would be set up in Scotland it would be in constant and continuous conflict with Parliament and the Government, and that the Government would create mistrust on the part of the Glasgow shipowners and the Glasgow shipbuilders. Mr. Ian A. Lyle, retiring president of the Glasgow and Clyde Shipowners' Association, said he was not in favour of the Glasgow Shipowners' Association yesterday.

Mr. Lyle, managing director of the Glasgow Shipbuilding and Engineering Company, Glasgow shipbuilders, said that because of the threatened separation, merchants might have to buy elsewhere, and the Glasgow shipbuilders would suffer.

The right answer was an improved Scottish Office, with proper representation on a committee of experts in Edinburgh and Glasgow, and Whitehall.

Would Scotland be any better off having more than 1,000 extra unemployed servants, and the expense of

ing from the joint domestic negotiating machinery in the banks concerned.

The right answer was an improved Scottish Office, with proper representation on a commercial basis in Edinburgh and Whitehall.

Scotland by now has better than 1,000,000 people, and is having more than 1,000 extra civil servants, and the expense of about £5m. in forming an elected assembly? he asked.

A case existed for improved Scottish government in local areas, and the fact that it was not working with export and import, shipping on the Clyde.

The shipping industry has been hit by inflation. Because of the high cost of oil, about one-third of the world's tanker fleet was laid up last year. Scottish tankers had come straight from the builders' yards to Scottish

TUC names tribunal candidates

by our Labour Staff

Mr. MCKEY, MCGAHEY, National Union of Mineworkers vice-president, Mr. Bill Kendall, Civil and Municipal Engineers Association general secretary, and Mr. Bill Blenkins, Iron and Steel Trades Confederation general secretary, have been named by the TUC as the first three for nomination seats on the Employment Appeals Tribunal. The TUC is to set up shortly under the Employment Protection Act.

Mr. McGahey has been named as the first for the courts with jurisdiction in England and Wales.

The tribunals are to take over from the High Courts the handling of appeals against decisions of industrial tribunals and are also to hear appeals against decisions by the new certification officer who has to judge whether trade unions are eligible for the Employment Protection Act.

Appointments to the two Employment Appeals Tribunals will be made at the joint recommendation of Lord Chancellor and Mr. Michael Foot, Employment Secretary. At the moment, the number of members and the number of appointment have not been decided.

At the time the TUC has proposed nine names for England and Wales and six for Scotland.

Other candidates include Mr. Humphries, president of the Iron and Steel Trades Confederation, and Mr. G. W. Jones, general secretary of the National Union of Footwear, Leather and Allied Trades, for England and Wales.

Mr. Condon, general secretary of the British

New Fenchurch Insurance

Service
Fenchurch Insurance Holdings has introduced a new service, Fenchurch Insurance Reporting and Techniques, offering industrial and commercial companies independent advice on the cost and effectiveness of their insurance arrangements.

Announcing the scheme, Mr. Geoffrey Knight, executive vice-president, says: "We believe it will give companies the opportunity of obtaining impartial expert advice on insurance costs without disturbing existing arrangements with their present advisers."

The new service, which will be operated initially in the West Midlands, will be made available to companies on a consultancy basis. Fenchurch hopes to extend the service to other parts of the country.

Fight to beat sugar plant closure

Managers of Tate and Lyle's Liverpool sugar refinery have urged trade unions in opposing suggested closure of the plant at the autumn as part of a rationalisation plan for the sugar refining industry.

Mr. J. W. Barker, managing director, told a meeting of some 2,000 Liverpool workers yesterday that closure would be totally unacceptable.

The closure is one of three options outlined in a discussion paper submitted by the industry to the Ministry of Agriculture dealing with the problem of over-capacity as Britain shifts to a single trading area as a consequence of joining the EEC.

A trade union action committee has submitted alternative proposals to the Ministry and is urging local MPs to back them.

Alternative proposals include shutting down the Sankey refinery at Newton-le-Willows, Cheshire, and one or two Scottish refineries. It has reduced output at London refineries by about 1,500 out of 7,900 jobs and will be shed.

The options have been put forward by the two big cane crushers, Tate and Lyle, and Crompton and Garton.

Talks to settle Gas staff dispute

**By Lorelies Olslager
Labour Staff**

The inquiry could also recommend a resumption of the deadlocked merger talks between NUBE and the three staff associations, Mr. Mills said.

The attempt to create a single union for employees of Barclays, Lloyds, and National Westminster—the Midland Bank and the ASTMS—has already merged with ASTMS—broke down because NUBE and the staff associations could not agree on a centralised structure for the proposed union.

Separate merger talks between each staff association and NUBE have been rejected, Mr. Mills added.

Meanwhile, Council of Bank Staff Associations, which represents the Barclays, Lloyds, and Westminster staff associations, hit back yesterday by claiming that the NUBE objections to their independent status

derived from a decline in NUBE's membership over the past years.

CESA is to-day publishing figures which claim nearly 25,000 more members for the staff associations involved than NUBE's membership in the three banks.

NUBE, however, contends that the staff association's higher membership results from the lower fees that can be charged as a result, it says, of providing fewer services for members.

After the merger between the Midland's staff association and ASBA took place, the membership of NUBE was one-third that of the TUC—both unions have been competing for membership.

A meeting is also being held next month between NUBE and the Association of Professional, Executive and Clerical Staff, which NUBE claims is trying to become involved in representing bank employees.

Token balts

BY OUR LABOUR STAFF

steward who unseated left winger, Mr. Alnn Thornett, the so-called "Mole" from the Midland Region Committee of the Transport and General Workers Union, again topped the poll in the second ballot.

It was ordered by the union "after complaints from Oxford of "abnormally high voting figures" which could neither be proved nor disproved because one branch had destroyed its ballot papers.

Mr. Thornett withdrew from the second ballot and Mr. Adams, the union's convenor, at the MG works in Abingdon, said that he would "not" this time, with

3,196 votes, 400 more than his nearest rival.

A union official said that the voting was 40 per cent. below the December ballot.

But the results were the same, Mr. Bill Roche, senior shop steward at the Cowley car body plant, with £223 votes gained a seat on TAWU's national executive — ousting left-winger Mr. Eddie McKuskie, a Chrysler convenor — and Mr. Reg Parsons, convenor at the Cowley assembly plant, again had 600 votes less than Mr. Eddie McKuskie, of British Leyland's Cowley.

Coveentry Triumph works, who won a seat on the union's automotive committee with 3,564 votes.

Token halts
The computer operators have
joined another EES NALGO
members on indefinite strike. In
addition, the union is calling on
members for token one- or two-
day stoppages, the latest of
which took place in the West
of Scotland at Norfolk yesterday.
British Gas maintains that the
NALGO action is totally unjusti-
fied, because those of its mem-
bers who were sent home had
refused to carry out their nor-
mal duties. NALGO contests
this, claiming that implementa-
tion of the manual workers' re-
sult agreement involved "extra
work".
Today's meeting takes place
at NALGO's request.

[illegible]

UNIONS representing some 40,000 workers in the wool textile and finishing industries are seeking a £4-a-week pay rise for their members to give them the full £8-a-week rise allowed under the pay policy during the present round of wage bargaining.

Workers in the two industries and a £2-a-week increase in their basic rates last November under the wage agreement concluded last spring, and the Government

The claim is for a £4 minimum increase although the November increase has meant a rise in earnings of more than £2 for those workers in the industry who still do overtime. This is theoretically in conflict with the pay policy, but the unions hope to obtain the full £4 for everybody on the grounds that few people work overtime, and that the generally low-paid industry

In their claim, the unions are also asking for a restriction in overtime in order to provide work for those on short time or unemployed.

The claims have been lodged with the National Association of Unions in the Textile Trade for the wool industry and by the National Union of Dyers and Weavers and Textile Workers for the finishing trade.

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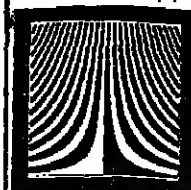
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Think Plastics - Think



Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

TEXTILES

Kinks put into straight wool

MUCH WOOL has little, if any, crimp. This means it is of little value to the manufacturer and commands a low price. A new crimping process commercialised in France could open the way for these lower grade wools to be utilised far more effectively in future and converted into higher quality merchandise.

A wool fibre comprises two basic elements: the para and ortho cortex. These are chemically similar protein chains held together by hydrogen bonds. After a period of investigation and research at the laboratories OPI—a French research organisation specialising mainly in fluid mechanics—it was found that the bonds between the two components could effectively be broken by a treatment with refrigerated liquid ammonia.

Effect of this on the wool fibre is to impart a "supercontraction" which inverts the direction of the crimp and at the same time increases the amplitude or number of crimps, thus giving the wool greater bulk. The two components of the wool tend to behave in much the same way as the classical bimetal strip or, as textile manufacturers will know, the decompensated fibres.

Advantages claimed include increased bulk of fibre, improved yarn elasticity and improved dye affinity.

All these characteristics are

permanent, which distinguishes them from a number of other treatments that have given wool temporary modification.

Sitralaine SA has as its U.K. outlet Lavens, Mackie, Snipe Island, Dunadry, Co. Antrim (08494 32469). This organisation is now in full commercial production of treated wool and it is likely that following on from this other plants will eventually be established, as and when the market demand is sufficient.

Two major outlets for Sitralaine treated wools are likely to be in the carpet trade and for the manufacture of improved or upgraded, hand knitting yarns. Already considerable development of both woven and tufted wool-face carpets has been undertaken on the continent and now a number of British manufacturers are showing considerable interest.

Because of the greater crimp in the treated raw material it is possible to achieve effectively the same cover with a lighter fabric than with a classical type of treatment would appear to be more than covered by the savings that can be effected in consumption of carpet pile yarn.

On the Continent there is a vogue for velvet-type, or Saxony plush, pile carpets which are dense and even. With a tufted wool that has been Sitralaine

treated it is now possible to produce a carpet of this type by tufting it rather open, then piece-dyeing it. The yarn at once contracts, and so gives a very dense pile.

Because the treatment improves dye affinity the rate of dyeing is greatly accelerated, but it is stressed that it is much more critical as the dyestuffs will select sites on the fibres and it could prove very difficult to strip them away in the event of a misdeed.

Carpet manufacturers are attracted to piece-dyeing as a route of production for it greatly simplifies stock inventory. In one assessment of carpet manufacturing costs it was estimated that Sitralaine could offer over 13 per cent savings in a year.

In hand knitting the new process has great appeal for it allows a garment to be made which will be bulkier and appreciably lighter than a conventional fabric. In fact it is suggested that a fair comparison of the new yarns may be made with the high bulk acrylics, but with the added appeal of being entirely natural fibre. For the knitting wool manufacturer it could open the way for utilisation of the unit now, which is considered to be lower quality wools, while the prospect for wool growers confined in these poorer raw materials is self-evident.

LASERS

Advance in techniques

SANDIA Laboratories have produced a powerful argon fluoride laser and in the same experiment, greatly increased the power of a previously-known krypton fluoride laser.

The new gas lasers, each of which produced more than a billion watts of power in pulses lasting only 55 billionths of a second, are the outgrowth of advanced laser research conducted for the Energy Research and Development Administration. They may have applications in enriching uranium for use in nuclear reactors and in producing electric power by laser fusion.

The laser beams occur in the ultraviolet region of the spectrum, with wavelengths too short to be detected by the eye and are produced by directing a powerful electron beam from an accelerator into a six-foot-long, six-inch-diameter cylinder containing a pressurised mixture of argon, krypton, and fluorine gases.

The electron beam excites the argon or krypton atoms, which react with the fluorine molecules, forming excited argon-fluoride (ArF) or krypton-fluoride (KrF) molecules. Energy from these molecules is then converted into laser light. The krypton fluoride laser has produced up to 117 joules of laser energy.

While this energy is rather modest, it is produced in a time-span of about 55 billionths of a second, thus giving rise to a great deal of power—about 1.9 billion watts, enough to light

momentarily 19m, 100-watt light bulbs.

This energy is about 20 times greater than the previous record output from a KrF laser—a 5.8 joule pulse obtained at Sandia last July. However the output is far short of the record energy output for a submicrosecond pulsed laser—4200 joules and 200-billion watts obtained from a hydrogen fluoride laser at Sandia last May.

While KrF lasers had been previously reported by several researchers, laser from ArF had not been observed before and was discovered by the Sandia scientists while operating the KrF laser.

Applications of the new lasers in isotope separation and photo-induced chemistry are being explored. Separation of uranium isotopes, now being attempted at a number of laboratories as a possible means of enriching uranium, will require powerful, relatively inexpensive ultraviolet lasers which can be fired several hundred times a second.

Enriched uranium is now produced by passing a gaseous form of uranium—uranium hexafluoride—through complex and costly diffusion plant or centrifuge cascades. In laser isotope separation, a beam of laser light would be used to selectively excite uranium atoms or molecules, permitting gradual segregation and enrichment of the uranium.

Thus far, progress in developing such an enrichment process has been hindered by lack of powerful and inexpensive ultraviolet lasers. The KrF and ArF lasers may help to solve this problem. Sandia is at Albuquerque, New Mexico, 87115, U.S.

ELECTRONICS

Connecting cables

HAC-PAK connectors introduced by Hughes Microelectronics will simplify the connection of round cable to flat, flat to flat, or round to round.

Mountable with one another, the connectors are also compatible with the company's W and WSS series from release subminiature rectangular connectors.

The units are offered with three types of contacts: crimp/removable rear release, RFI/EMI shield filter, contact, and fixed solder tail contacts for terminating flex circuits. The

pins are on 0.085in. centres. A jack screw coupling performs both engaging and polarising functions providing proper alignment and positive polarisation with a choice of polarised positions. The connectors meet MIL-C-28804. More from 12, Queens Road, Weybridge, Surrey (Weybridge 47262).

LSI work to order

LARGE-SCALE integrated circuits can be designed to order in a service now available from Smiths Industries.

The company's Aviation Division site at Cheltenham, is basing its experience in producing circuit designs for its house use over the past six years. During this time an extensive computer-aided design and testing facility has been established. Smiths Industries offers the service for the low-volume market.

TRANSPORT

Tug for medium aircraft

AIMED AT airports and airlines operating medium range aircraft in the Trident, BAC111, and Boeing 727 weight classification, an aircraft tug has been introduced by Reliance-Mercury, Mile Cross Works, Gibbet Street, Halifax, Yorks. (0422 58141).

Known as the RM150, it has a drawbar pull of 16,500 lbs, and is powered by a Perkins 8.346

jet. Circuit design is controlled by rigorous disciplines which have been developed to give high inherent reliability. Furthermore, this reliability can be achieved in a variety of hostile environments.

A most important feature of the service is that Smiths Industries takes full responsibility for a circuit from design stage to production. This ensures that the customer receives circuits which not only meet his performance specifications but comply completely with the process houses' requirements, which include high yield and the ability to test.

In addition to the abilities of the design team, both analog and digital systems expertise is offered while for process characterisation and quality control, a team of semiconductor physicists and process technologists is maintained. As a result of its involvement with the semiconductor industry the design service is able to offer—in addition to circuit design—a process evaluation service. Smiths Industries on 01452 3333.

COMMUNICATIONS

Power for mobiles

DESIGNED SPECIFICALLY for mobile radio applications in the 900 MHz region is a microwave power transistor, MRF 833, from Motorola.

Characteristics specified at 870 MHz using a 12.5V DC supply are: output power 15 watts; minimum gain 7 dB and efficiency 50 per cent.

The narrow metallic fingers in the design (actually a few hundred transistors in parallel) are metallised with gold which reduces migration from the fingers compared with the aluminium types, so increasing the meantime between failure by between 1000 and 10,000 times.

More about the transistors, which incorporate Motorola's controlled Q™ built-in matching network to give broadband performance, from Motorola House, Empire Way, Wembley, Middlesex HA9 0PR (01-902 8836).



An audible alarm is given when this equipment "sniffs" explosives. It can be used for screening people as well as packages and is produced by Eye Dynamics, 495 Park Avenue, Bushey, Watford, Herts.

It is available as a separate "carry around" unit for which it is battery powered or it can be used as a static device, powered from the mains.

PROCESSING

Low-sulphur residuals

FUEL OIL low enough in sulphur to meet the strictest environmental requirements in existence is provided by the capabilities built into Gulf Oil's new type IV hydrosulphurisation process. The new process has significance for refiners processing high sulphur crude oil as well as power generation plants using residual oils as fuel.

Performance test requirements were met within two weeks of the initial start-up of the first commercial type IV installation at Idemitsu Kosan's Alchi refinery in Japan. During this period 50,000 barrels per day of Kuwait's reduced crude containing 3.5 per cent weight sulphur

were desulphurised to 0.1 per cent weight, a reduction of more than 97 per cent. Continuing operation since the start-up confirms that hydrogen and catalyst requirements will permit long cycle operation.

The new unit's performance has the effect of making the quality of residual oil approach that of a distillate. It also means that the exceptional quality of the product allows it to be used as a fuel oil with fuel gas emissions of about 40 parts per million of sulphur oxides, thus eliminating the need for stack gas scrubbing. This level of sulphur oxides in fuel gas will meet all known emission limits. Gulf Science and Technology Company is offering the new type IV HDS process for world-wide licence.

Gulf House, 2 Portman Street, London W1, 01-493 8040.

MACHINE TOOLS

Carries out many operations

CAPABLE OF carrying out a range of machining operations in the manufacture of blanking punches, dies, matrices and electro-erosion electrodes, the Metabell PRS 150 is being imported from Italy by Mills Marketing Services, Javelin Road, Norwich Airport Industrial Estate, Norwich NR6 6HG (0603 42417).

Contour grinding, profiling, milling, grinding, drilling and boring can all be carried out. Undercut can be obtained simultaneously with the contour. The machine has a vertical slide to which various attachments, such

as the boring and milling head, or the grinding head, can be quickly attached.

The grinding head has an automatic truing device, and can produce positive and negative profiles up to 10 mm, and profiles with angles up to 130 degrees.

With the boring and milling head fitted, the workpiece, in a single setting, can be contoured, or profiled with co-ordinate movements to an accuracy of ±0.005 mm. Twelve operations can be carried out without moving the workpiece. A closed loop hydro-mechanical drive system gives stepless variation of the vertical slide stroke and of the toolpost swivel.

The machine table has a co-ordinate movement, including rotary. The slides are fitted with an optical angular and linear measuring system with a resolution of 5 seconds and 0.002 mm.

NAVIGATION

Complete simulator by Veritas

SIMULATOR equipment which can parallel ship movements has been successfully developed by the Norwegian ship classification society Det Norske Veritas. Veritas spends substantially more of its turnover on research than any other classification society and this new simulator is claimed as a breakthrough for its research department.

The Veritas simulator is the only one of its kind in the world—the group asserts—to be able to reproduce all six ship movements simultaneously. This means that it can deal with the most extreme conditions to which a vessel can be exposed.

It will be particularly important in measuring the "internal wave movements" in a ship's tanks, since until now it has been impossible to investigate these violent internal forces accurately.

Apart from this, the simulator itself consists of a rigid 2 metre platform on which the testing tank is placed, equipped with seven computer-controlled, servo-hydraulic cylinders. Det Norske Veritas, Post Box 6000, Elverstad, Oslo 6, Norway.

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Particulars about industrial and office space available in the Cwmbr area. P. P. Morris, M.B.E., M.C., C.I.E. Chairman, Cwmbr Industrial Estate, Cwmbr, Gwent NP23 5LL. Telephone: Cwmbr 2222.

COMPUTING

Peripheral a burden on Europe

BY 1990, the European market will have seen value of over £500m in peripheral equipment.

According to Mackintosh, the fact that the majority of peripheral equipment imported from Europe is being imported from imposing a significant balance of payments crisis. Some European G can be expected to alleviate this problem by the year 2000.

Mackintosh has been on markets, technical attitudes and the environment in Europe. The report says that forecasts are accurate year-by-year and country forecasts.

Three products are highlighted: a number of end-user terminals, a number of intelligent terminals, and a number of peripheral devices.

The report says that advances in technology reducing costs of semiconductor components will produce a number of peripheral relative newcomers.

Cost runs from \$5,000 to \$10,000 per unit, according to section from the company's Street, London W1X 0G95.

WELDING

Toughness of welded joints

AN APPRAISAL of the toughness of welded joints under dynamic loading was made by an international group of experts at an international symposium on welding held in London, 1981.

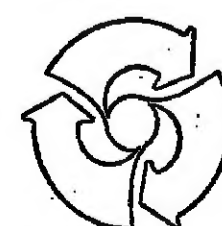
Details of the symposium are available from the Institution of Mechanical Engineers, 1, Great Portland Street, London W1P 3AA.

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The Executive's World

Colin Jones looks at how many more civil servants there might have been without restraint and illustrates . . .

The enormous task of pruning the Civil Service

NOT THE LEAST interesting aspect of this week's Public Expenditure White Paper will be the clarification of the Government's plans for reducing the size of the Civil Service. Estimates of the number of jobs at could disappear over the next two years have been flying thick and fast in recent weeks, including the forthcoming reductions in the defence support services, figures ranging from a minimum of 20,000 to more than 40,000 as many have been mentioned. But bare figures such as these are meaningless without some indication of how many might have grown in the absence of restraint.

What is known at this stage is that Ministers are talking out cutting back on the Civil Service so that by 1978 the total number of civil servants will be close to 1974 levels.

At the time, it was about 725,000 as against 750,000 at the beginning of last month and as the number is likely to go on rising for some time yet before reductions are taken effect, one can begin to appreciate the magnitude of the task that the Government has set itself.

Clearly, if this target is to be met, it will not be enough to

stop recruitment and rely on natural wastage for a year or two. Nor would it suffice to tighten up on any identifiable areas of over-manning or administrative inefficiency. As a special team from the Civil Service Department told Ministers last year after a six-month investigation of Civil Service manpower, significant reductions are impossible without changes in work-load. And that means major changes in policies or administrative practices—including in particular decisions on such politically-sensitive matters as the quality and possibly the quantity of social security services, the structure of the taxation system (such as the thresholds for the basic and higher rates of income tax), and certain new Government policy objectives, like the Wealth Tax, whose administration will be highly labour-intensive.

To see why, one has only to look at the recent increase in the size of the Civil Service and the factors that brought it about. Precise comparisons over a period of years are not rendered easy by constant changes in classification. For example, the 20,000 or so men and women working for the Manpower Services Commission, who were transferred out

of the Civil Service in 1974, have just been transferred back to it again, as in due course will the 400 people now being taken on by the Equal Opportunities Commission.

But, as the chart shows, the broad picture after allowing for these changes is one of hardly any growth in Civil Service manpower during the Heath Administration, which made a determined effort to contain numbers, and of a very marked increase since March, 1974. At the beginning of that month, there were some 697,000 civil servants (including the Manpower Services Commission), or only about 1,000-2,000 more than four years before. By the end of 1974 the comparable figure was 712,000, about 2 per cent. more. By the beginning of this year the total had increased by a further 5 per cent. to 750,000. And by the end of next month the figure is expected to be closer to 760,000, an overall increase of some 9 per cent. in two years. Excluding the Ministry of Defence, whose civilian staff has grown hardly at all, the increase over two years is about 15 per cent. and virtually all of it has taken place in administrative, clerical and other white collar grades.

The changed employment situation has not made it any easier to contain numbers. More civil servants have had to be taken on to help pay out unemployment benefit or to administer the Government's job-creating measures. Higher unemployment and better rates of Civil Service pay have helped to improve recruitment, generally, and with far fewer civil servants than usual leaving voluntarily for jobs elsewhere, undermanned departments like the Inland Revenue and the Property Services Agency have been able to build up their strengths nearer to establishment.

Factor

But by far the biggest factor has been the extra demands that have been placed upon the central government machine and especially upon the six largest and most labour-intensive departments—the Departments of Health and Social Security, Employment, Environment, the Customs and Excise, Inland Revenue, and Home Office. In all, these six departments and their adjuncts now employ about 350,000 civil servants, or almost three in every four outside the Ministry of Defence. And they account

for almost 90 per cent. of the growth in the size of the whole Civil Service since March, 1974. The biggest, with some 90,000 staff last October (the latest date for which a detailed breakdown is available), is the Department of Health and Social Security. It had taken on an extra 8,000 net in the previous 18 months, the result, it is said, of "more frequent benefit upratings, the new invalidity pension, and preparatory work for the reconstructed national insurance scheme." The size of the next biggest department, the Inland Revenue, had also increased by 8,000 or more net. Apart from improved recruitment, the increase is largely accounted for by "the overall growth in the number of taxpayers, the numbers liable at other than the basic rate, and the extra workload arising from other aspects of last year's two Finance Acts."

Likewise, the 4,000 or so increase at the Customs and Excise is largely explained by the need "further to strengthen the control of VAT and by expansion elsewhere including investigation and EEC ports work": part of the 3,300 increase at the Department of the Environment stems from the build-up of staff for the new centralised driver and vehicle licensing system; the creation of the new Health and Safety Commission has helped add to the overall size of the Department of Employment; and the growth of the prison, police support, and immigration services largely accounts for the increased numbers within the Home Office's sphere of responsibility.

Elsewhere in Whitehall the growth in the size of the Civil Service has been less spectacular in absolute terms. But above-average increases in percentage terms have taken place at the Scottish and Welsh Offices, the Ministry of Overseas Development, the Treasury, the Cabinet Office and even at the Civil Service Department, which has primary responsibility for controlling the size of the Civil Service. The same reason is given for each—an increased workload.

	Total Oct. 1, 1975	Increase Since March 1, 1974
Health & Social Security	90,500	7,960
Inland Revenue	77,887	8,195
Customs & Excise	29,077	4,145
Employment*	22,460	6,903
Home Office	32,327	3,817
Environment	72,864	3,350
Scottish Office	10,503	496
Welsh Office	1,456	363
Treasury	1,153	154
Cabinet Office	681	82
Overseas Development	2,332	161
Civil Service Dept.	5,475	382
Foreign & Commonwealth	10,340	123
Agriculture & Fisheries	16,057	596
Others	77,651	2,441
Total	450,763	39,570
Ministry of Defence	268,382	616
TOTAL*	719,145	40,186

* Excluding the Manpower Services Commission.

To achieve their manpower

1978 target, Ministers have

broadly two kinds of options—

hard and soft. Into the latter

category fall such contrivances

as relying on natural wastage

(which, because of the economic

situation, is lower than normal),

reducing the quality of individual

services (such as by expecting

taxpayers to wait longer for

rebates or repayments and by

taking longer to process adjust-

ments in social security entitlements), and by applying the axe

to such relatively easy and

politically popular targets as the

Foreign and Commonwealth

Office: whose organisation is

now being examined by the

Central Policy Review Staff, and

the Ministry of Defence (the two

departments whose numbers

have actually fallen in the past

10 years).

Measures such as these might

be sufficient in the short run but

sooner or later the size of the

bureaucracy will start growing

again unless more radical and

politically more awkward steps

are taken either to re-arrange

the workload so as to save man-

power or to drop programmes

and put off objectives so as to

limit (if not actually reduce)

the role of Government.

The most obvious instance of

where some re-arrangement of

workload is overdue can be seen

in the present very considerable

overlap between the income tax

and social security systems. The

policy and administrative prob-

lems which now arise would be

substantially eased by moving

progressively towards some

form of tax credit or negative

income tax. To employ several

armies of public officials to pay

out a range of benefits to people

who, if these payments counted

as taxable income or if they

earned the same income, would

be paying tax to another army

of officials—or, as with family

income supplement, to tax the

incomes of some of those who

receive it—can only be

described as daft. True, recent

changes in the tax and benefits

system have made a tax credit

scheme more difficult to engi-

neer but up to 15,000 official

jobs, according to some esti-

mates, could eventually be saved

if some such scheme were to be

introduced.

Even now, the impending

change from child tax allow-

ances to child benefit payments

is likely to add some 4,000 to

4,500 net to Civil Service manpower. Likewise, the wealth tax could call for up to a further 10,000 staff to administer it—a rather heavy overhead for a tax whose yield will not be all that much larger. Nor are these examples particularly uncommon. At a minimum the Acts passed in the 1974-75 Parliamentary session were originally expected to increase the size of the Civil Service by 10,000, local government staffs by 12,000, and the staff of various other public bodies by a further unquantified figure.

The Civil Service is, of course, only the tip of the bureaucracy. In all, the public sector now employs some 7m. men and women, or about 5m. if the nationalised industries and state-owned companies are excluded. This is a fifth of the total working population. Britain is not the only country where public administrative service employment has been growing but it is up to each country to decide for itself how much government it is prepared to afford and, evidently, the Government now shares the widespread view that the cost of Government in this country must be contained. For that reason there would be little point for Ministers to fudge the figures by transferring tasks to new executive arms of Government or other public bodies whose staff do not formally count as civil servants.

Looking

Several nationalised industries are now looking for major manpower economies and local authorities are being subjected to considerable pressure from the centre to keep down their staff numbers. So it is only proper that the civil service itself should be exposed to similar scrutiny. It will not be easy to achieve significant economies. But, should Ministers start having second thoughts, they can probably count on being kept up to the mark in turn by pressure from the Commons Select Committee on Expenditure which plans to embark on its own six-month examination of the functions and organisation of the Civil Service next month.

Halfords serves again

BY NICHOLAS LESLIE

YOU substitute self-service an old-style counter retail operation, only to find in a few years that that isn't really work either, so do you go next?

He answers, according to Mr. John Johnston, joint

aging director of Halfords

at Burnham, Oxford, a subsidiary

known for its bicycles, but

it also sells numerous other

or accessory products—in

stated self-selection."

By suggestion that this is

the same as self-service,

there is usually someone

and who may be able to

or your query, would be

used by Mr. Johnston. For

feels that the self-service

of operation can be an

amous disincentive to work

a mind, the Halfords' move

to self-selection aims to

to such potential attitudes

avoiding staff with more

and worthwhile jobs

greater responsibility.

It is a change which

resulted from this new

shop are apparent now in

Halfords branches. But

have not taken place in

them. They form part — and

only a very important part

of a series of management

changes, both physical and

in which, as Mr. R. A.

the chairman, comments,

the structure for the

"branches."

Halfords, like most of the con-

cerned parts of Burnham, has

parent company's problem

for no other reason than

have weakened morale

the news of the oil con-

collapse burst upon the

at the end of 1974.

Consequently, this very situa-

tion was plainly provided

for, with both an added

margin, its replacement of

staff a year to re-assess the

the position.

Introducing self-service — a

leading which produced

early spectacular results



The self-service is operating in the Oxford High Street branch.

position in the motor economy

field from supermarkets and

other specialists such as car

dealers and petrol companies.

Within a relatively short time

sales and profits were on the

upward path and, for example,

on a sales rise from £22m. to

£26.5m. in 1972, Halfords' trading

profits jumped from £2m. to

£2.5m. But the following year,

despite a sales increase to

£29.7m., profits remained at

£2.5m. and in 1974 the picture

was of £24.4m. sales and £2.1m.

profits, although this clearly was

the result of economic factors

in large part.

But the steam seemed to have

gone out of the situation and

when Mr. Jones took over as

chairman following the retire-

ment of Mr. W. Siddall (Mr.

Johnston and Mr. Mark Rush-

brooke, the grandson of Hal-

ford's founder, also became joint

managing directors at the begin-

ning of 1975), his feeling was

that the company had gone too

strong on self-service.

Mr. Jones did not take the

chair until just after Burnham's

collapse, although he had been

nominated for the position just

prior to the event, and his com-

ment on facing that develop-

ment is that "we were in a

totally new game. We had to

stand on our own feet."

To a large extent, Halfords

had already been doing that

as a very autonomous unit,

although all net profits were

passed to the parent as dividend

with Halfords using bank over-

draft as its sole source of

working capital. But the

whom oversees only 10 to 15

branches. They, in turn, liaise

with five regional controllers.

Then, on the main Board is Mr.

J. Pearce, the branch super-

vision director.

The extra time provided for

the superintendents they see

more effectively in helping with

promotions, staff relations and

ensuring that company policy is

being carried out. Also, they

ensure that ideas emanating

from the branches reach the top.

At the same time, the district

superintendents monitor finan-

cial performance to see that

objectives are being met and

that stock rotation is of the

order required. While much of

these responsibilities are as

under the previous structure,

one change is the introduction

of much lighter financial

objectives.

One problem Halfords still

faces which seems difficult to

resolve is its only manufacturing

operation—that of bicycles. As

perhaps the largest single

retailer of bicycles in Europe,

Halfords puts a lot of its own

products through its shops. But

the biggest selling season is the

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Where
see the
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If a company is to grow
it must cultivate its assets.

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LUXEMBOURG

As the home of a thriving steel industry, a powerful international banking community and a substantial colony of Common Market civil servants, the tiny Grand Duchy of Luxembourg occupies a major position in European affairs. There seems little likely to threaten the country's calm prosperity.

Secure niche in Europe

THE ROAD from Brussels to Luxembourg cuts through the rolling landscape of the Ardennes, the broad stretches of deep green conifer alternating with the lighter tones of the upland plateau, the huddles of stone houses appearing suddenly among the pock-marked fields of caravans in the valleys. In the village of Martelange the road hugs the Luxembourg frontier for a few minutes before it eases back into Belgium. In those few hundred yards where that side of the street is in Luxembourg, a dozen or so petrol stations, cut off by a fence from the rest of the village, stay open until all hours to take advantage of the fact that here petrol costs a good two francs a litre cheaper than across the road in Belgium.

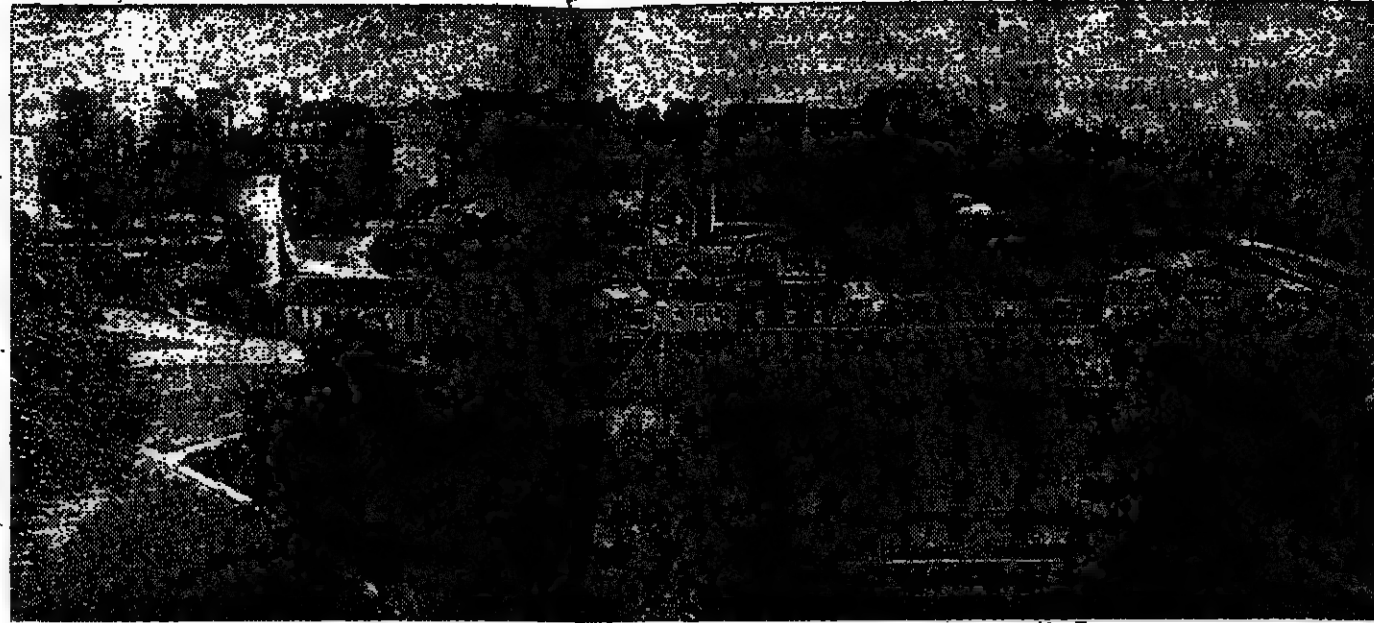
This is one face of Luxembourg — a country with relatively low excise duties, and a 10 per cent rate of VAT which make consumer goods noticeably less expensive than in neighbouring countries.

In Luxembourg city different faces of this small land present themselves. Within the ramparts rearing up from the valley bottom which skirts the ancient fortress of Luxembourg are the signs of the new industry of this State, a veritable supermarket of banks—presided over in terms of Euromarket business by the Kredietbank and literally by the new Kredietbank Tower, the country's highest building.

Had the motorist taken the more easterly route to Luxembourg through Liege he would have entered the northern extremity of the Grand Duchy and seen in the winding roads and steep wooded valleys a countryside of seemingly timeless patience and charm and striking beauty. Further south to the Moselle valley, which is the frontier with W. Germany, in the warm of summer and the mist of autumn which combine to produce the light and fresh taste of the local wine he would add richness to charm.

Finally, heading south for the French frontier he would see the opposite face of Luxembourg, for in places with the melodious names of Differdange, Dommeldange and Dudange he would encounter the solid core of Luxembourg—the steel industry which underpins the economy, contributes more than 20 per cent of Gross Domestic Product, pays half the country's wage bill and has a turnover of twice the national budget.

In short, Luxembourg is a sort of micro-continent in itself. In the 1,000 square miles carved out of the upland landscape which stretches from the



The Grand Duchy in the Petrusse Valley, City of Luxembourg.

Belgian Ardennes through French Lorraine into Alsace, exist 357,000 people including some 80,000 foreigners, 81 banks, more than 3,000 holding companies, a substantial colony of Common Market civil servants and a steel industry.

Just now it is the international face of Luxembourg which is most prominent—the face in particular of the Grand Duchy's Prime Minister, Minister for Foreign Affairs, Foreign Trade and Physical Education and Sport, the 47-year-old M. Gaston Thorn. Since September M. Thorn has been President of the General Assembly of the UN and since the beginning of 1976 President of the EEC Council of Ministers. He is also

This Survey was written by DAVID CURRY

President of the Liberal International, since he represents the Liberal end of the Liberal-Socialist Luxembourg ruling coalition.

M. Thorn is the impeccable European, now in his third stint in the Council chair, a former member of the European Parliament, and enjoying considerable authority from the belief that he is a man with no national axe to grind and a genuine concern to get things Bank and a promise of financial institutions yet to be created;

European credentials are unquestioned, the Grand Duchy is a hard bargainer in the fight to get the EEC's institutions on home territory. When in 1967 the executives of the three Communities—Economic, Atomic and Coal and Steel—were consolidated into the Brussels Commission, Luxembourg won compensations for losing the High Authority of the Coal and Steel Community.

It got the European Investment Bank and a promise of financial institutions yet to be created;

legal functions (the European Court of Justice was already there); and the wholesale removal of the EEC's political activities for three months of the year (April, June and October) from Brussels to Luxembourg. In addition, Luxembourg rotates with Strasbourg as the meeting place of the European Parliament, whose secretariat is permanently Luxembourg-based.

To accommodate this bureaucratic collection the Grand Duchy is developing the Kirchberg plateau outside the city as a European centre in a style which (the Court of Justice apart) appears to owe more in-

spiration to East European than to European other.

Luxembourg is an industrial country, mostly above all, the steel industry. But over the years the dominance of the industry which created problems both for the company involved and the Government in that it locked them into each other's embrace with too little room for manoeuvre has been eroded by a policy of attracting manufacturing industry. This latter sector now contributes about the same as steel to the country's GDP, but even before the recession the policy had already become much more selective because of the competition for jobs it created on the labour market and fear of social problems which would be caused by continually making in migrant workers requiring progressively greater training.

It is immigration which is still a keynote of Luxembourg policy, since the native Luxembourg is a declining breed. In 1974 the Luxembourg population managed 8.5 live births per 1,000 population against 14.3 deaths. The foreign workers—who inevitably represent a much younger average age group—managed 19.1 births against 4.8 deaths.

The figures can be slightly misleading. Among the 80,000 foreigners are included some workers who have lived in Luxembourg for generations, while retaining their original citizenship. This is particularly the case of the Italian colony, the need to provide work for the young and educated school-leaver is one of the reasons for the encouragement simply English speak

of the banking activity Grand Duchy. There 81 banks in Luxembourg occupying a central role. While made of the holding legislation (no tax or ment income), the reason for the growth banking industry is the of minimum deposit re, to be used as an instr monetary policy. Th expansion of the sector which started the end of the 1960s i at an end in terms of tion of banks, but the ing of the activities market-place is likely continuous process.

Agriculture

The other aspects. Grand Duchy, includ agriculture and viticul important in the local (French plans and bourger studies in nuclear power station ten miles of each other. Meselles are raising sh about the possible on the Moselle which is the wine area). But it is th elements of Commun steel and financial which endow the Gran with an importance s proportionate to its size. This small wedge it may be a geographic but it is a political, one vignette sums u bour's character. cathedral of Notre Ds is a row of confessiona of them is hung a sl fashions for the encouragement simply English spok

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LUXEMBOURG II

Good economic record

LUXEMBOURG IS proud of its economic track-record. Geographically the Grand Duchy represents chunks of the Belgian and French economies. Yet for the present year still below 1974.

On the inflation front Luxembourg tends to be the average of its neighbours. In 1975 it was a bit above average with some 11 per cent, and the official hope is to hold the line at 8-9 per cent in 1976.

The overwhelming problem for the Government over the past year has been unemployment. Traditionally Luxembourg has suffered from manpower shortage and has had to resort to large-scale immigration. The jobless total was listed simply as the purely statistical "one person," to the Grand Duchy's two steel companies, and the tiny Rodange, the sole Luxembourg on the steel produce some 18 million tons of steel per inhabitant.

The recession caught the country, account for 60 per cent of industrial exports; Government without development legislation to counter unemployment. In particular, there was no history of lay-offs of the total wage bill; and in the Grand Duchy simply because the scarcity of manpower made it dangerous to risk losing workers. Three emergency steps were taken to counter unemployment. The first was to agree with individual companies a programme of additional work within the company to keep manpower employed. Currently, for example, the Government is negotiating with Arbed to property of foreign customers, vide interest rate subsidies to enable the steel concern to keep manpower fully employed instead of on the partial unemployment which Arbed foresees as possible in May, June and July.

The second step was to permit partial unemployment, under a scheme by which the Government made up the wage packets of affected workers to 80 per cent of normal, between the third and the fourteenth day of being laid off, up to a certain platform. There are presently between 8,000 and 9,000 on partial work. Finally, the Government engaged in special work programmes. This affected the steel

industry in particular, and two surplus on the "ordinary" steel concerns, Arbed and Rodange, negotiated public works contracts to perform from when the need to replenish reserves will have to compete with the problems created by this post-recession aspirations.

The 1976 budget bears the scars of two special problems. The first is the 1975 loss by Arbed of between Frs.3.4bn. which can be translated into a hole in the budget of around Frs.1bn. normally paid by Arbed in company tax (in 1974 Arbed recorded net profits of Frs.1.74bn. and paid to the Government in corporation and personal income tax some Frs.3.35bn. out of a budget of Frs.26.34bn. for 1975).

These measures cost the public purse some Frs.700m. over the latter part of 1975, financed out of reserves. The Government is now to create an unemployment fund which will update the old system by bringing the young school-leaver into the net and improving benefit from 60 to 80 per cent of salary. It will be financed by increases in turnover and profits tax on companies and on personal income tax. Although Luxembourg has one of the higher levels of direct tax in Europe and the lowest VAT level outside the U.K. (10 per cent.) it rejected increasing VAT by 1 per cent because of fears of the inflationary consequences.

The budget for 1976 is around Frs.30bn. (€375m.) requiring a Frs.1bn. loan (already raised) to achieve equilibrium. This includes some Frs.4bn. in State investments, three-quarters of which can be financed by the

hours Railways because of a 30 per cent decline in shipments due to the steel recession. The 1975 hole was about Frs.500m. and will grow or contract this year in line with the recovery in steel.

While steel is central to the economy, it is important to note the contribution of non-metal industries, which account for roughly the same proportion of GDP as steel. These industries have expanded over the past 15 years as part of a deliberate policy to create employment for the manpower expected to be shed by the steel industry; in fact steel increased its needs and the new industries sucked in immigrants, particularly the chemicals sector.

Although the contribution of the financial services sector cannot be quantified in balance of payments terms (Luxembourg and Belgium have consolidated figures), banking has played an important role in widening employment opportunities, broadening the tax base of both personal and corporate incomes, and in social terms of attracting to Luxembourg the "intellectual" immigrant as a counterbalance to relatively unskilled (and most recently Portuguese) workers necessary to provide labour.

In addition, it is white collar jobs as well as the industrial jobs which are filled by "frontaliers"—the people who commute into Luxembourg daily from France, Belgium and Germany to work and pay income tax in the Grand Duchy, while the local 10 per cent level of VAT—applied even to cars—makes Luxembourg city a useful shopping centre for the frontier regions.

The three pillars of the Luxembourg economy: Steel, manufacturing and services are now all in the process of consolidation. The relative decline of steel is unlikely to continue much further in view of the heavy modernisation programme at Arbed and the company's diversifications into related products. The urgency has gone out of the desire to attract new employers of labour in the manufacturing sector, and an increasingly selective policy is likely to be applied favouring capital intensive operations. On the banking front the great immigration of banks has come to an end simply because those who need to be in Luxembourg are now there, and the main focus is likely to be the broadening of the functions of Luxembourg as a market place.

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Deposits with banks	612
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Capital and resources	44

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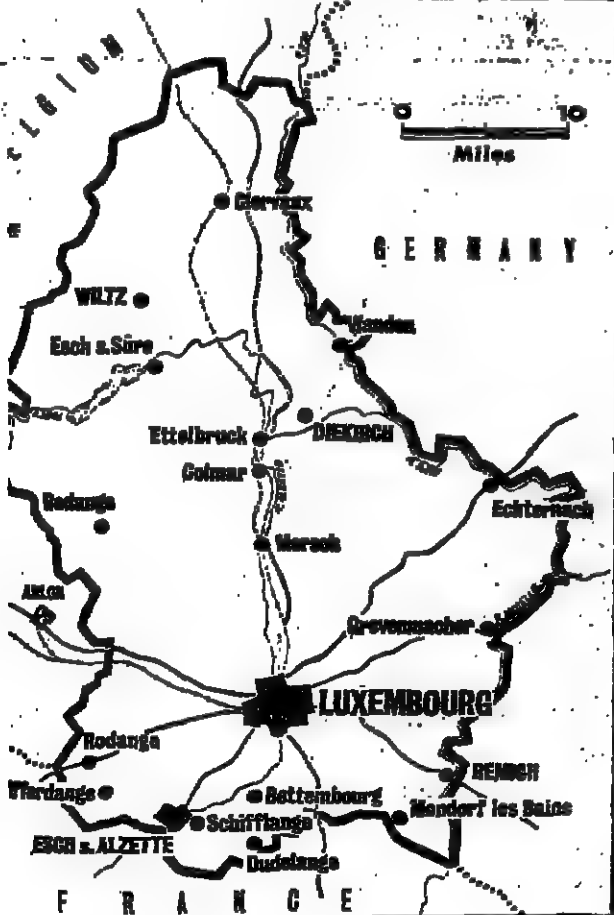
(consolidated total assets exceeding DM 45 bn).

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ports

is dependence of the country on exports, and the dependence of exports on goods, which in turn are dependent on the investment property of foreign customers, vide interest rate subsidies to enable the steel concern to keep manpower fully employed instead of on the partial unemployment which Arbed foresees as possible in May, June and July.

The second step was to permit partial unemployment, under a scheme by which the Government made up the wage packets of affected workers to 80 per cent of normal, between the third and the fourteenth day of being laid off, up to a certain platform. There are presently between 8,000 and 9,000 on partial work. Finally, the Government engaged in special work programmes. This affected the steel

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LUXEMBOURG III

Steel still dominant

MORE THAN 20 per cent. of GDP: more than 20 per cent. of the total wage bill; 65 per cent. of exports; half the industrial wage bill—these figures indicate the importance of steel to Luxembourg. Ninety per cent. of the country's iron and steel production comes from a single company, Aciéries Réunies de Burbach-Eich-Dudelange, formed by mergers in 1911 and christened mercifully simply Arbed. The remainder is in the hands of Metallurgique et Minière de Rodange-Arbus, which is effectively controlled by the Belgian company Bruxelles Lambert.

Although its dominance of the economy has been eroded in recent years by the growth of new industry in both the services and manufacturing sectors, the biggest single factor in Luxembourg's well-being is the condition of Arbed.

Its Luxembourg production capacity of between 5.5m. and 6m. tonnes of steel is sufficient to make the company one of the leading European producers. If its group interests are added in, particularly the more than 60 per cent. controlled Sidmar-Quadrat plant in Belgium and its half-share in the German Roehling-Burbach producer, total production moves up to around the 12.4m. tonnes mark, which ranks Arbed, according to its own calculations, around fourth in Europe and 10th in the West.

The company has moved downstream in its diversifications, and among its 30-odd subsidiaries is the Treil-Arbed wire producer which ranks second in Europe after the Belgian Bekaert. Its electrical equipment, cement and mining interests are located variously in W. Germany, Luxembourg, Belgium and France, while it participates in the exploitation of Brazilian raw material deposits.

To complete the statistical picture Arbed announced in 1974 net profits of Frs.1,748m. (\$22m.) on a turnover of Frs.49,175m. (around twice the national budget) from 5.7m.

tonnes of steel produced in the Grand Duchy. In 1975 the company will have lost between Frs.30m. and 40m. and it avoided lay-offs among its 25,000 workforce only because it undertook public works programmes as a Government sub-contractor. It is negotiating with the Government about employment-saving measures which might be necessary in the spring, and the Government is believed to favour interest-rate subsidies to enable the company to embark on investment measures to keep its workforce occupied.

The only two big shareholders are the Belgian holding company Societe Generale de Belgique and the Franco-Belgian Schneider steel and engineering group, each of which holds around 15 per cent. The rest is in relatively small parcels.

Programmes

In the first half of this decade the company's local investments ran to around Frs.2.5bn. a year, traditionally financed out of its own resources. Because of the absence of a big national budget behind it, the company has maintained a policy of holding very high reserves. It is resorting to loan finance for present investment programmes. It is seeking from the Government improved depreciation facilities, claiming that its permitted rate of Frs.500 per tonne is significantly worse than that available to competitors outside. The Government is reticent about the request.

The fact of casting such a long shadow over the Luxembourg economy has a constricting effect in some respects. In the first place its wage settlements are in practice the norm for the entire industrial economy, while it is inhibited from being able to dispose of labour in a recession. To put this in a fair perspective, it must also be stated that the traditional Luxembourg problem has been

competition for manpower and that companies permitting workers to leave them in slack times found it very difficult to get them back later, thus encouraging the self-interest practice of maintaining payrolls.

Being a small country industry has also made the depression particularly difficult for Arbed, which suffered a production cutback in 1975 of around 28 per cent. With no home market at all Arbed is totally dependent on exports, but when orders are scarce they tend to be channelled to national manufacturers in the first instance, and Arbed is convinced that this practice has had a depressing effect on its 1975 performance.

The main objective in the company's heavy investment programme has been to cut production costs and rationalise production rather than simply to raise capacity. Over the next ten years or so it has an ambitious Frs.40bn. (\$50m.) investment programme comprising essentially of three elements: the construction of a medium-section rolling mill which will allow the company to close at least four existing lines—cost around Frs.10bn.; the modernisation of steelworks in the Grand Duchy from the Thomas to the LD-AC process and a Frs.10bn. plan to pump high grade ore suspended in water by pipeline from a North Sea terminal where it will be offloaded from Brazil to Luxembourg.

This will not function before the start of the next decade and the terminal has not yet been fixed, but the rapid exhaustion of its local Luxembourg and French reserves of (low-grade) ore make it urgent to replace them, and the cost of the pipeline transmission can only be justified if the replacement is a much richer one.

The major steel participations of Arbed are its half-share in the German Roehling-Burbach operation (around 3.2m. tonnes production in 1974); and its 82 per cent. stake in the

Belgian producer Sidmar. Arbed recently paid more than Frs.3.13bn. to buy the remaining 33 per cent. in Sidmar owned by the Belgian steel group Cockerill, which is based in Liege in Belgium and in France. Sidmar is lifting capacity to around 3.2m. tonnes under a current investment programme and in the long-term has its sights on 6.5m. tonnes capacity. These investments will be financed by Sidmar itself, which operates as an independent company and is not consolidated into the Arbed figures.

Successor

The latest development involving Arbed is the creation of a new German-orientated group of private sector steel-makers including the Luxembourg company which brought Sidmar into the group with it and Hoogovens of Holland. Essentially the new association, which describes itself as an

international economic group and has established a headquarters in Luxembourg, is the successor to the old German steel cartels which were given a temporary reprieve by the Brussels Commission in 1971. They transformed themselves into rationalisation groups.

The object of the move is clearly to reinforce the voice of the private sector in Brussels, where the Coal and Steel Community of the EEC falls under the aegis of the Commission. One effect of this will be to divide the European industry fairly clearly into three blocs: the northern, German-orientated private sector group; the heavily State-influenced French and Walloon (French speaking Belgian) producers; the nationalised steel concerns in Britain and Italy.

The new Luxembourg-based operation also speaks of tackling problems of supply of raw materials and energy problems jointly, and is committed to exchange of information on pro-

duction, employment and economic situation as working out environmental protection programmes will not bear disproportionate hard on any one company. In the group's descriptive functions to embrace structural rationalisation.

Arbed is not just a Luxembourg company. In statistical terms, its modernisation of its basic making facilities is going hand-in-hand with a cautious investment in European steel. Although its relative contribution to the Grand Duchy in statistical terms has in recent years, it seems that the end of the rapid growth in both services and manufacturing will bring a stable composition of the country's economic structure. Arbed is destined at least for a seeable future to play an exposed role.

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Balance sheet as per March 31st 1975
(abbreviated form) in million US\$

ASSETS		LIABILITIES	
Claims on banks	\$101	Liabilities to banks	\$28
Bills discounted	\$ 0.4	Deposits of other creditors	\$ 2
Advances to customers		Capital and Reserves	
secured	\$ 28	share capital	\$ 11.4
unsecured	\$ 89	reserves	\$ 0.1
Securities	\$100	contingency	
Other Assets	\$ 6.6	provision	\$ 2
	\$325	Other liabilities	\$ 3
		Total net profit	\$ 1
Guarantees on behalf of			
third parties	\$ 0.1		
Pledged assets	\$ 6.4		

(exchange rate: \$/fr. Fr. 35.3)

For further information please contact:

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Moves to boost industry

IN 1969 a round-table discussion between the Government, industry and the unions took place to project the pattern of the new industries, contributed some Frs.3.72bn. net added value, which represented some 47.3 per cent. of that of the steel industry. Seven years earlier the figures would have read Frs.940m. and 17.7 per cent. In terms of employment the new industries had stepped up their total workforce from 3,000 in 1966 to around 7,500, while investment was worth Frs.2.3bn. In 1972, slightly more than that in the steel industry.

The mechanism to attract industry was a combination of fiscal concession and interest rate subsidies. The concessions still exist, though in a form diluted from their earlier concentration. Along with Good-year the Grand Duchy now numbers Monsanto and Du Pont among its "locals," along with a broad spectrum of light manufacturing companies to put alongside the traditional non-steel industries like breweries and canneries.

Ironically, the assumptions on which the decision to accelerate diversification was based were soon proved wrong, since Arbed, instead of shedding labour, became a competitor for new manpower. The result was severe competition in the labour front and the need to resort to heavy immigration to meet the demands of industry. The latest group of migrant workers, Portuguese, imposed problems of training which earlier migrant groups had not required to the same extent.

In the light of this reversal of expectations, the Government has opted for a more prudent immigration programme and a more selective programme of diversification, with the emphasis on capital intensive industry and technology. In addition, metal transformation industries to extract more added value out of steel would also be welcomed.

For the manufacturing company Luxembourg is no easy option. It has a head start, admittedly, in an unbroken tradition of industrial peace, but this peace is bought by high wages. The taxation level for both the company and the individual is sharp, with tax biting particularly hard in the middle - upper management levels.

Corporation tax is at 40 per cent, while a commercial tax adds a further 10 per cent. This

is followed by a 0.5 per cent. levy on corporate net worth, a further charge based on the valuation of grounds and buildings and a 0.36 per cent. tax on the total of capital and reserves. The local authority gets the receipts from a 1.3 per cent. payroll tax.

On the social security front the level of charges is different for white collar and blue collar workers. Pension insurance demands an employer's contribution in both categories of 8 per cent. of gross wage, with sickness benefit costing 2 per cent. for white collar and twice that for the blue-collar employee. Family allowance is a charge exclusively on the employer and works out at 1.45 per cent. for office staff and between 1 and 2.5 per cent. for shop-floor workers. Accident insurance, another imposition exclusively on the company, ranges from 1.29 per cent. to 13.89 per cent. for all categories of workers. There are maximum ceilings for these charges, which limits their impact at the upper end of the scale.

Pension

The employee, white and blue-collar, faces an 8 per cent. levy for pension insurance, while the sickness benefit charge is 2 per cent. for white-collar and 4 per cent. for blue-collar. The personal tax system puts a married man without children on the maximum rate of 57 per cent. at around Frs.700,000 a year (\$8,750).

The Government is to introduce an unemployment fund which will be financed by small increases to the payroll tax, corporation tax and personal income-tax.

The tradition of industrial peace is a solid plus for the Grand Duchy, but wage levels are high. A light manufacturing company might well be paying around Frs.110 an hour for unskilled and Frs.130 an hour for skilled workers and a five-week paid holiday will apply from next year. The proportion of foreign workers varies from industry to industry, accounting perhaps for a third of the steel workforce, around half in manufacturing (but in some companies in border areas, where they can tap frontier labour, much higher than that) and in the building industry up to 80 per cent. Migrant workers normally work on one-year non-renewable contracts.

فكلاصة الأصل

LUXEMBOURG IV

A financial market place

WORKING is Luxembourg's providing the incentive to exploit them, the Luxembourg market place looks well established and secure. With even the local Communist Party accepting the need to put the welcoming mat out for the financial community, the only potential threat is the long-term possibility of Common Market monetary union ironing out the advantages of Luxembourg's administrative system.

Reserve

The growth of Luxembourg as a capital market is due overwhelmingly to one factor—the absence of compulsory reserve requirements on the banks. This itself is due to the fact that the Grand Duchy has no central bank to hold the reserves. This factor in particular was the reason for the implementation of the West German banks, whose room for manoeuvre in the homeland was progressively restricted by the imposition of compulsory deposits in the attempt to cool the German economy.

In 1963 and 1964 Luxembourg received two unsolicited gifts. The German gift was the legislation to prevent foreigners holding domestic bonds by imposing a 25 per cent. source tax. This made it worthwhile for German concerns to establish (untaxed) Luxembourg holding companies through which to raise money unavailable in the domestic market. By this means the companies and the banks

could escape the restrictions of domestic monetary restraint and the additional cost factor in being obliged to deposit minimum reserves with the Bundesbank.

To overcome this gap in monetary control the Badepot scheme was introduced, extending compulsory deposits to the non-bank sector. At one stage the deposit required was 50 per cent. of the borrowing. The result of this was to cut off relations between the German mother banks and their more libertarian progeny in Luxembourg and led to the development of two D-mark markets—the domestic and the Luxembourg market, with different rates.

The establishment of a financial wall around West Germany—the practical effect of the Badepot—meant that the Luxembourg banks were the only German banks in contact with the world market, and this tended to accelerate the development of the capital market in the Grand Duchy, since it was natural for a company like Volkswagen, wanting a D-mark credit for use in Brazil, to seek it through Luxembourg. It was only through Luxembourg that the German banks could get into the Eurozone.

The first German bank in Luxembourg was the Dresdner Bank in 1967. Unsure perhaps of the permanence of the Eurozone, it camouflaged itself as Compagnie Luxembourgeoise de Banque, under which banner it is now one of the giants of the international community in Luxembourg.

The second gift to Luxembourg came from the Kennedy Administration in the shape of the Interest Equalisation Tax and voluntary restraint programme on foreign investment. This added to the incentives for the American banks to seek a base in Luxembourg for Eurozone operations.

Other advantages for Luxembourg in attracting banks were the liberal foreign exchange and other regimes it has; the relative cheapness of office accommodation; and a middle-management workforce which is bilingual in German and French and often competent in English. There are, however, no fiscal advantages for management. Luxembourg has one of the most progressive tax systems in Europe, and while the maximum rate of 57 per cent. on earned income may seem modest by some standards a married man without children hits it at around Frs.700,000 (\$9,000) a year.

Luxembourg also has some disadvantages which make it an incomplete financial centre. It has relatively few double taxation agreements. It charges value added tax on all gold dealings, which effectively rules it out as a bullion market. A former Prime Minister of long standing now in opposition, Mr. Pierre Werner, has suggested removing this disability, but the Government is understood to be cool towards mounting a challenge to London and Zurich.

Growth

The absence of a withholding tax in Luxembourg has stimulated the growth of investment fund activity and the holding company legislation has also helped the growth of an activity of which the global net worth at the end of last year was Frs.98.1bn, shared between 97 funds. The Luxembourg Bourse is extensively used for Eurozone and investment company quotations.

The apparatus of control is relatively modest. The question of whether to create a central bank has spluttered on for some years and seems destined to splutter on for some more. The argument for it is that it provides an emergency lender of last resort in the case of bank liquidity troubles, but the Government is inclined to think that the experience of other countries is very mixed when it comes to the seaworthiness of lifeboats and that the present situation is satisfactory.

The regulatory power lies with the Commissariat au Contrôle des Banques, which was created in 1945 and in 1968 still numbered five persons. Now under the leadership of Mr. Albert Dondelinger, it has some 40 staff, smart new offices overlooking the railway station and works through teams of inspectors who check bank activities systematically and have the power to make random checks.

The main sanctions are two. In the first instance every bank needs the visa of the Commission before it can publish its balance sheet. The Commission can insist on changes, including changes of personnel, before issuing this visa. In more extreme cases the Commission can also withdraw a banking licence, a threat also used

where necessary to push banks into line.

In addition, stringent investigations precede the granting of a licence to an incoming bank and the bank itself must be sponsored by two banks in the Grand Duchy. These sponsors have a clear interest in ensuring that the new bank has clean credentials.

Above all, there is the highly informal system of nods and winks at cocktail parties and receptions. A representative of one of the biggest and oldest established foreign banks in Luxembourg put it this way: "A hint from Dondelinger over a gin and tonic has the force of law."

The essence of this system of informality has been summed up by Mr. Dondelinger himself on the occasion last year of the 30th anniversary of the Commission: "The extension of the responsibilities of the Commission is adapted to the necessities born of the development of the Luxembourg market place as a response to the need to protect savings—national and international—and to assure the smooth working of the financial markets. The response to these requirements has always been pragmatic, allowing private initiative as much freedom as possible but imposing strictly all the necessary controls with the co-operation of the financial community."

The Luxembourg surveillance authorities are linked with their counterparts through the informal EEC Contact Group (which can bring in the U.S. and Japan) and, in the wake of Harstad, through the Blunden Group which comprises the group of Ten together with Luxembourg and Switzerland. In the wake of the Harstad collapse the banks say that the Commission has noticeably tightened up its scrutiny.

Collision

Inevitably, the position of Luxembourg brings it into collision with neighbouring countries. During the time when West Germany was trying to damp down credit the availability of Luxembourg as a route to circumvent that restraint annoyed the Bundesbank which sought the right to monitor West German banks in Luxembourg. Luxembourg treated this as a diplomatic question of national independence and has consistently denied the right of investigation to other national authorities. There is now a gentlemen's agreement between Luxembourg and West Germany via the German parents' banks and their Luxembourg subsidiaries.

In the absence of such a modus vivendi the independence of the Luxembourg banks might have been won at the price of a certain administrative harassment of the mother banks in Frankfurt. As it happens, the emphasis in West Germany on stimulating the economy makes Bonn happy with the present availability of funds through Luxembourg.

There have also been particular problems with Belgium—with which Luxembourg is in a monetary union. In particular it concerns the propensity of Belgians to cash their bond coupons in Luxembourg to avoid withholding tax and the allegations that leading Belgian banks have encouraged this traffic. The free flow of people between the two countries makes this almost impossible to control.

In fact, Luxembourg affords the Belgian a way of maintaining his money in Belgian francs with no exchange risk while the money stays in the "home" circuit (as likely as not re-deposited in the Brussels money market) rather than moving into another currency like Dutch florins and Swiss francs at whatever exchange risk that entailed.

The rapid growth of Luxembourg now seems to be flattening out, largely because the big banks are now well established, although the hard scrutiny of the Banking Commission and some problems of recruitment are subsidiary factors. Within the market, however, there are interesting developments, including the emergence of an inter-bank trading centre for Euro-Denmark, while the by now long-standing CEDEL computerised clearing system is Luxembourg-based.

Luxembourg's emergence as a major financial centre with a central position in the Eurozone has been a remarkably smooth and stable operation. Come hell, high water and Harstad the system has remained the same. Other people created Luxembourg's privileged position and the Grand Duchy has by and large simply defended its own status quo.

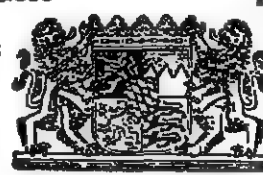
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FINANCIAL TIMES SURVEY

Tuesday, February 17 1976

THE MIDLANDS

High-unemployment and a number of big companies in severe financial trouble have hit the Midlands very hard. Business confidence is mixed but there is a feeling that the worst may be over.

Worst
may
be
over

Arthur Smith

PEAKS and troughs of economic growth have come and in Britain's postwar period prosperity but never has the Midlands suffered as it is at the moment. Employment has hit new lows and the list of major companies which have run into trouble to serve merely to underline the crisis through which the national economy is passing. British Leyland, a Villiers Triumph, and Alfred Herbert all important employers in the West Midlands region where warnings have been issued that the region is 'way to becoming a grey'. But while the collapse of industry in the wake of a very crisis has struck at the heart of the West Midlands, the East Midlands, on the other hand, is an area with the resilience and self-assuredness to overcome current problems.

It must be conceded that for an area as diverse as the Midlands generalisation is difficult. Stretching from market towns like Hereford and Oswestry near the Welsh borders, through the stark outlines of the Potteries, the Black Country and the Birmingham conurbation, across for hunting country, to Nottingham and Leicestershire, the Midlands pushes the Midlands into the 1970s, and widespread short-

time working. Latest figures from the Department of Employment show that at least 15,000 employees in the region are working less than a full week. The impact upon the craft-based lace and hosiery industries has caused particular problems for Nottingham, while the region claims that around 40 per cent of the national footwear industry lies within its boundaries.

Even Leicester, "the city of a thousand trades," has had its confidence shaken by the controversial closure of Imperial Typewriters, the shutdown of the Stibbe hosiery machinery factory, and consequent record post-war unemployment, although the level did not reach the national average.

But the overall picture is by no means one of gloom. Despite the fact that unemployment levels in places like Birmingham, Coventry and Wolverhampton are approaching those experienced within the development areas, there are no overt signs of hardship. Indeed there is a confidence amounting to arrogance that the Midlands is an area with the resilience and self-assuredness to overcome current problems.

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Given such disparate geography, regional affinity is much less keenly felt than in the North East or North West. Nevertheless, indefinable as it may be, there is a definite division between the east and west. The two economic planning councils responsible for the administrative regions decided to hold exploratory talks last year to see whether they could determine a joint response to the mounting economic recession.

Resilience

The initiative was not pursued as it was felt there was insufficient common ground. Unlike the West Midlands, with its dependence upon the car and metal industries, the East Midlands claims a different and wider spread of trades. Latest unemployment figures certainly underline the greater resilience of the East Midlands in the face of the current downturn, as the region—with a jobless level only 87 per cent of the national rate—is one of the best placed in the U.K.

By contrast the West Midlands has drawn attention to the fact that its relative position has declined over the past decade. Investment has been depressed, new technology-based industries have not been established and median incomes no longer differ much from other regions.

From a situation where it was generally the last to be hit by recession and the first to recover, the West Midlands suffered disproportionately in the downturns of 1969 and 1972-73.

In a regional initiative which



reflected a remarkable consensus of opinion the Economic Planning Council, the Birmingham Chamber of Commerce, the Confederation of British Industry and the Trades Union Congress, submitted a joint memorandum to the Government focusing attention on the current difficulties.

"The economy of the West Midlands is in decline, both County Council, says: "We are from coming to the West Mid-

not calling for the Government to scrap its regional policy, the document declared. "In the sensitive way. We are not calling for special help but for fair treatment."

One of the principal complaints of the region is that the system of industrial development certificate controls has not prevented new companies

lands but has also diverted local firms' expansion programmes to the development areas.

As Mr. Hender describes the situation in somewhat colourful terms: "This area is an industrial forest. It may have needed some thinning out for its own good. But when you start to cut out all the new growth the forest will begin to die."

Mr. Hender concedes that Government ministers have listened with sympathy to the region's case but argues the time has come for positive action. In particular, he wants the Government to positively encourage new industry to the region, introduce measures to boost national investment, and get for areas like the West Midlands some of the benefits offered by the European Economic Community regional fund.

The County Council itself is striving to increase the number of serviced industrial sites and is mounting publicity and information campaigns to draw attention to the opportunities the region can offer.

For their part, ministers can point to the massive public funds already promised to the West Midlands to support companies in trouble—British Leyland, Chrysler and Alfred Herbert, for example.

The region, which still produces nearly 70 per cent of all the manufactured goods exported from Britain, will naturally benefit from any national measures to encourage investment. Of particular note is the scheme for ferrous foundries, and the Chancellor

of the Exchequer's announce-

ment that additional funds will be made available for counter-cyclical investment covering projects of less than £500,000—a level which should appeal to the many small and medium sized companies in the region.

However, one area where the Government has firmly ruled out any prospect of action is in the removal of aid controls. Any firm in the West Midlands seeking an aid would undoubtedly meet with a favourable response but the control is obviously viewed by the Government as a long stop to prevent any possible future overheating of the local economy.

Resources

Indeed the intriguing question concerning the West Midlands is the extent to which the current problems are transitory and linked to the national recession and the extent to which they reflect longer term trends in the development of the region. Given the other demands upon resources, the Government appears to feel it has gone as far as it can with specific help for the West Midlands. Presumably it is hoped that the support given to the car industry, although redundancies will be involved, should provide a breathing space during which manufacturers can adjust to new markets and new products. The East Midlands, conscious that it has escaped the worst of the current recession, is concentrating attention on how it can make the most of the impending upturn in economic activity.

Mr. A. E. A. Brain, chairman

CONTINUED ON NEXT PAGE

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Headaches all round for industry

THE PRESENT economic recession has been very traumatic for manufacturing industry in the Midlands. For this time the area has suffered as badly as any other part of Britain. Historically the "workshop of Britain" would escape pretty lightly during the periods of industrial depression, bolstered by the wide spread of manufacturing activities to be found there. In the past year or so, however, too many things have gone wrong all at once.

The root of the problem is the Midlands' heavy reliance on the motor-car for its prosperity. It has been said that around 20 per cent of manufacturing industry in the area is in one way or another devoted to the automobile. This is a statistic difficult to substantiate but it is one with which few would argue. Sometimes the links are very tenuous, as when one company's product becomes part of a component made by another concern and that component goes into a unit destined to be bolted into a car. It might take some time, but when the car assembler gets a headache, the supplier right down the line ends up taking aspirin too.

The claim is, however, that much of Midlands engineering is flexible enough to overcome the problems of the automotive sector. And it is still the case that many of the companies can switch from making parts for the automotive industry to making components for some other equipment without too much difficulty.

Buoyant

The problem over the past year has been to find another market which was reasonably buoyant. Tick off the industries that used to be strong and you see the point? Motor-cycles? The industry has collapsed under Japanese weight. Machine tools? That is an industry fighting to keep afloat and in need of £100m. of orders to get back to normal levels of output. Textile machinery? The news from Leicester is that the manufacturers are working at 50 to

60 per cent. of capacity. And so on. In this atmosphere the industrial giants plough on, their five-year investment plans unchanged except, perhaps, when investment is brought forward as the group's contribution to counter-cyclical efforts. Both Guest Keen and Nettlefolds, the U.K.'s biggest engineering group, and Tube Investments, the other major engineering combine, are well represented in the Midlands.

In the past the smaller manufacturing companies have apparently not been hit so hard by recession. These companies do not have such heavy costs to bear. As one manager put it: "We do not have to have a lot of 'thinkers' around like the big companies. We have a bigger proportion of people actually producing."

Generally speaking, too, the smaller company can be quicker on its feet when times are bad. Having spotted a new opportunity or opening in the market it can quickly switch its resources to cope with the changed circumstances. With the larger organisations it usually takes more time.

But the small company is lacking in financial muscle. In the past couple of years they have had to cope with a completely new element — severe inflation — that many management were unable to master. So last year was a very bad one for casualties among small manufacturing companies in the Midlands. The list of liquidations was led by construction concerns with engineering companies not far behind.

While the big Midlands companies have been able to attack export markets to fill up the rapidly-widening hole in the order books, this is not such an easy task for a small organisation to undertake. Apart from anything else, the smaller Midlands company is usually providing a component rather than a completed product and it is much more difficult to find an overseas purchaser for components. However, some small companies have simply added a

finished product to the range they offer and have gone after export markets with some success.

These concerns have been enormously helped by the trade mission system and the past few missions organised by Birmingham Chamber of Commerce have been well over-subscribed.

As the Midlands was already providing 67 per cent of the U.K.'s manufactured exports before the recession set in, it has been a hard job to increase that percentage—but it has been done.

Shape

The area is already looking ahead and in particular wondering about the future shape of manufacturing industry in the Birmingham and Coventry area now that the motor companies can no longer look forward to the hectic growth they have experienced for most of the post-war years.

Company after company in the region has been publicly vowing "we will never get caught like this again" and are making determined efforts to reduce the proportion of their output going to the automotive industry.

At the same time the motor manufacturers will be cutting back on the range of cars they produce and rationalising the components they put in them. This should lead to a dramatic drop in the variety of components called for. But the motor companies are also determined not to have their production disrupted by labour disputes at their suppliers' factories and will want their reduced range of components from a larger number of sources. This suggests that the Midlands might well have a similar number of companies involved in the automotive sector—in the widest sense—but they will be sending less of their output to the motor manufacturers.

One way or another, though, the oil crisis and its effect on

the motor industry will also produce a permanent change in the Midlands industrial scene. Perhaps the biggest question mark now is whether or not the Midlands, which has usually recovered faster than the rest of Britain when demand begins to pick up, will follow the historic pattern this time. Or will the depression in the motor industry continue and slow down recovery?

Five years ago nobody in the Midlands would have believed that unemployment in the area could top the national average. By the middle of January there were 142,939 unemployed in the West Midlands region which contains the bulk of manufacturing industry. This was a 6.2 per cent rate of unemployment against the British average of 6 per cent.

What has made matters worse is that the region has had more than its fair share of special situations which attracted publicity and helped spread depression and gloom. There was the problems of Norton Villiers Triumph; the collapse at Alfred Herbert, its takeover by the Government and the subsequent 1,200 redundancies at Coventry. British Leyland had its big labour shake-out and, since the injection of State cash, has started doing a little recruiting in the area. But the impact of the Chrysler situation has still to be felt on the unemployment figures because Ryton must slim down from 3,000 to 1,200 people.

The Engineering Employers Federation in the West Midlands has just reported that, though its membership rose by 30 companies last year, the total employed fell by 11,000 to 356,000.

The special situations have had a marked effect on confidence in manufacturing industry in general. The Midlands was always a prosperous place and now it is possible to hear some people saying it is becoming a depressed area. This might be over-emotional, but it is an emotional time for the region.

The Midlands industrial

worker is not as flexible as he once was. People used to be more willing to be mobile and to do different jobs requiring different skills. With the specialisation imposed by much of to-day's automated processes and the generally lower standard of skills among shop-floor employees, this ability to move around at will has been severely curtailed.

Ironically, the few skilled men still required are becoming increasingly hard to find. This is a problem particularly felt in the engineering industry. It is not confined to the Midlands but is a national problem.

It is made worse in the Midlands, though, because in normal times there has been so much well-paid employment available for semi-skilled men and this naturally puts off young men who might have considered a long engineering apprenticeship.

As things stand, at the end of



The Redditch headquarters of BKL Alloys, one of four GKN companies in the town.

the apprenticeship the different- something is done to halt it. Of course, the Midlands region still has its industrial bright spots. Demand for a semi-skilled engineering worker will not be particularly great. A recent NEDO study of the Department of Employment statistics revealed that in the West Midlands the differential between skilled and semi-skilled engineering workers has rapidly increased. (In the South East the high-quality export goods have pay for semi-skilled hourly paid workers had actually overtaken that of the skilled hourly paid men and there is every reason to believe that this trend could appear in the Midlands unless

something is done to halt it. Of course, the Midlands region still has its industrial bright spots. Demand for a semi-skilled engineering worker will not be particularly great. A recent NEDO study of the Department of Employment statistics revealed that in the West Midlands the differential between skilled and semi-skilled engineering workers has rapidly increased. (In the South East the high-quality export goods have pay for semi-skilled hourly paid workers had actually overtaken that of the skilled hourly paid men and there is every reason to believe that this trend could appear in the Midlands unless

confident that at any time the past two years industrialists are beginning to feel that the Government means to get behind engineering industry and support it as the aid and moderate schemes seem to indicate. Since October there has been no significant monthly unemployment in manufacturing industry in the Midlands. The demand trough has been reached. But it is a long drag until the revival in early 1977.

Kenneth Go

Region well served by road, rail and air

IT IS inevitable that the nation's largest industrial conurbation should have built up for itself a pattern of communications which generally permits the fast and efficient flow of materials, goods and people in and out of the region.

But the communications system which has been painstakingly provided, at tremendous expense, for the people and industry of the Midlands is without doubt something very special.

The unofficial capital of the region, Birmingham, is served by a network of motorways and major roads which are unequalled among other major cities and while there do remain some noticeable gaps in the links between the area and other parts of the country, notably some of the major ports, the overall communications picture is good.

In many ways, the nationally known Gravelly Hill interchange—"Spaghetti Junction"—stands as a symbol of the region's endeavours to build up a chain of communications—though not just by road—which is an essential prerequisite for industrial and commercial expansion.

It is a long-standing joke that the Brummie who goes on holiday for a few weeks cannot find his way home because of new road schemes and developments which started in his absence. The hectic rate of progress which gave rise to such tales may well have moderated recently as major parts of the regional plan take final shape and constraints on public spending continue, for the time being, to affect building programmes, but a trip to the Midlands still leaves the visitor with an overall impression of continuing development and expansion.

Network

While it forms only one link in the communications chain, the region's motorway network is perhaps the most impressive of all. In the immediate vicinity of Birmingham and the major Black Country towns, road communications are excellent, with outlets to most parts of the country provided by the close proximity of the M5, M6 and M1. Further afield, such major centres as Leicester, Derby, Stoke on Trent, Stafford, Coventry and Nottingham all lie within easy reach of the nation's motorway backbone.

The establishment of the National Exhibition Centre a few miles to the east of Birmingham city centre has provided the region with a tremendous opportunity to promote its strength from the communications point of view.

The Midland section of the M6 link to the M1 and to the M5 passes the Centre's northern boundaries, as it does Birmingham itself, and construction of the 14-mile section of the new M42 is now well under way, eventually linking the M5 in the south west to the M1 near Nottingham. When completed, the M40 from Oxford to the M42 will provide another motorway alternative to and from London and the south east.

At the NEC itself, four special intersections provide rapid access to the complex from not only the nearby motorway but the three trunk roads in the vicinity, the A48 between Birmingham and Coventry—which is now being extensively im-

proved—the A446 Colehill-Lichfield road and the A458 Stonebridge-Leamington Spa route.

But nevertheless the road network still has some noticeable deficiencies, though most of them away from the Midlands, which the local business community has been quick to point out. The Birmingham Chamber of Industry and Commerce last year underlined some of the weaknesses of the overall communications pattern which have emerged over the country as a whole.

It emphasised that while major exporting centres like Southampton lack no motorway links to connect it with other parts of the country, Avonmouth—which remains principally an importing centre—had excellent communications provided by the M5 and its connections into the entire motorway network. A bad case, they said, of getting priorities in the wrong order.

A long-standing weak spot as far as the Midlands itself is concerned is the total lack of major road links with the east coast ports such as Harwich and Felixstowe. A growing proportion of goods out of the Midlands are now passing through this eastern outlet to Europe, but the routes connecting the two areas for the most part represent an awkward and time-consuming challenge.

But despite the fact that there remains room for continuing improvement, there is little doubt that the region is well placed to take advantage of the nationwide road network still being pieced together. The emergence of Birmingham and some of the surrounding centres as locations for extensive warehousing and distribution activities, as well as manufacturing, speaks for itself.

Off the roads, the communications picture remains generally bright. Birmingham itself lies

on the main Inter-City British Rail route that connects both ends of the country; one of the most heavily used lines in the U.K. and something of a "prestige" route. Other major centres such as Wolverhampton, Derby, Coventry and Stafford are also well served by rail connections.

Again, the arrival of the National Exhibition Centre has benefited repercussions Birmingham, and beyond the boundaries of the NEC site itself. Next to the NEC, BR has built the first greenfield site railway station since Marylebone.

Journey

Birmingham International has cost £26m. and will provide regular and fast services into London and Birmingham and other cities throughout the country. The journey to London will take 80 minutes and weekly, peak hour services will run every half-hour. There will be frequent services in Birmingham's other major station, New Street, which lies ten minutes away.

The new complex will not, however, be the exclusive preserve of visitors to the Centre and will serve as a terminal for people drawn from a wide catchment area to the south and east of Birmingham.

Inter-City services apart, the Midlands is criss-crossed with an intensive network of local rail services, which have always had to battle for business in the face of the Midlands' preference for private transport. Many people have criticised Birmingham for having been built for the car and not people, but its development merely reflects the desires of many of its inhabitants.

Local services administered by the West Midlands County Council are presently subsidised to the tune of some £3.5m.

annually and while the car is in other areas, it has played some part in the drift back to commuter traffic in the Midlands. The Midlands can air to be adequately served as far as commercial airports are concerned. The two airports are at Elmdon, Birmingham, and at Donnington in the E. Not unnaturally, represents by far the terminal of the passenger traffic now passing of 1m. a year largely the result of charter flights. The growth has been by a continuing though peratively limited supply in facilities, though a programme of expansion could at long last turn into a major U.K. airport although much of its green in the sphere of flights, Birmingham, steadily building up a tial range of service domestically, and to timent and it may well be a major beneficiary of a policy that includes motion of regional terminals.

Plans for a major have been hanging several years and the again been hit by the back in public eyes. But, once again, the Exhibition Centre, next door, is providing able stimulus and ensures hopes for the construct new terminal are kept truly alive. There seem doubt that the program eventually be put, and though the waiting may go on a little longer.

Michael C

Over

CONTINUED FROM PREVIOUS PAGE

of the economic planning board, says that research has been initiated to ascertain which are the region's most important 30 industrial sectors. Early indications suggest that only around half of the 30 identified by the National Economic Development Council will merit similar importance in the East Midlands.

Footwear, for example, is not included in the national list but has some 30,000 workers in the region. Other important sectors include dress and lingerie production, with 15,000 employees, and textile finishing, with 13,400.

In order to identify the constraints which might impede the recovery of the key sectors, the planning board is to hold discussions not only with representatives of the particular industries but also with the regional bodies of the Confederation of British Industry, the Trades Union Congress, and Chambers of Commerce.

It is hoped the exchange of ideas will benefit all the parties concerned and will also enable the regional offices of the various Government departments to implement national

policies with special regard for local circumstances. The three principal population centres of the East Midlands, Nottingham, Leicester and Derby are fighting their way out of recession.

The main companies in Nottingham—Raleigh Industries, John Player and Son, and Boots—have tended to enjoy fairly stable employment records and the principal concern for the future centres upon the traditional lace and textile industries where around 10 per cent of the 170,000 labour force is employed.

Strength

Leicester has also suffered from the problems of the hosiery, knitwear and footwear trades but the city's strength in engineering and its excellent communications is helping promote recovery. It is only against this background of the interrupted boom that the city has enjoyed since the war that the shock which rising employment brought can be appreciated.

In Derby, Rolls-Royce (1971),

the makers of aero gas is the major employer together with British accounts for nearly a of the town's working tion. Rolls-Royce has forced to trim the work but there is cons optimism following the contract to supply Chin technology related to the jet engine.

Predictably at a time certainty, business con in the Midlands is mix there is a widespread that at least the worst While not many busin are prepared to gamble quickly the upturn will they take encouragement early indications that improvement is on the way.

Indeed, the latest survey carried out by the Midlands group of chambers of commerce reported both turn in new investment export orders. If there confidence in the Midlands prove to be on the turn, give a major boost nation's economic recovery.

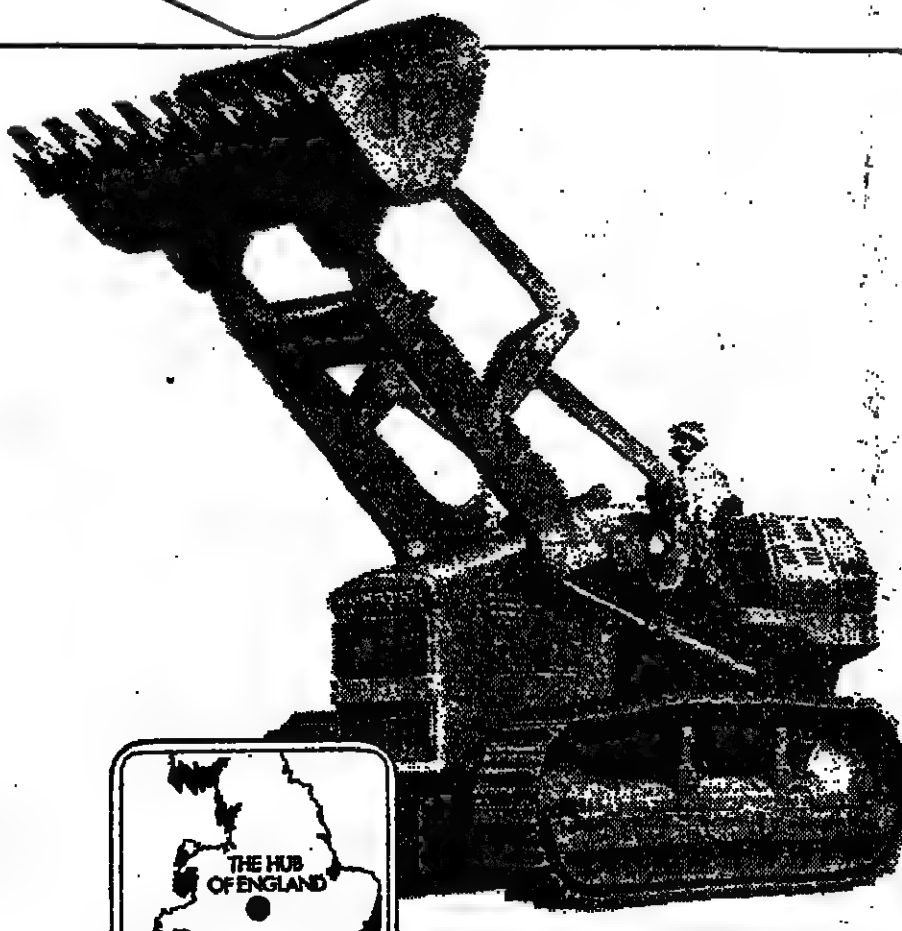
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LIVED WITHOUT SUCCESS.



THE MIDLANDS IV

An established financial community

ONE OF THE enduring subjects of debate among merchant bankers is whether it makes sense to confine their specialist advisory functions to the capital or to branch out into regional centres too.

The traditional case for regional representation has been that the hard-headed manufacturers of the industrial conurbations may look with suspicion on City sophisticates and prefer advice from their banker on the spot. Against this, the attraction of financial activity has remained strong and has in no way been diminished by inter-city travel having become a matter of only some 90 minutes' journey between London and the Midlands.

At any rate, while merchant banking opinion is divided on the need for regional offices, a considerable number of London's merchant banks have in recent years found it worthwhile to establish a presence, of greater or less prominence, in Birmingham. In doing so, they have added further to the large and diversified financial community—one of the biggest outside the capital—which is now based there and extends in some degree to other Midlands cities.

It is true that in the past two years of trial in the banking world the procession of new arrivals, which was rapid in the new issue and merger boom of the early 1970s, has slowed almost to a halt. There have indeed been some departures—most notably of Slater Walker Securities, which opened its Birmingham office with a fanfare in 1972 but is now cutting out its regional organisation—and the former Old Broad Street Securities arm of United Dominions Trust which has lost its separate identity in that group.

Drab

Now, however, there are signs, after a long drab spell, of a more hopeful atmosphere within the Midlands banking fraternity, inspired by expectations of economic revival this year. The somewhat brighter omens are being scrutinised, not only by the merchant banks, and a considerable number of overseas-oriented banks in the region, but also by the big clearing banks.

Birmingham's claim to be Britain's "second city" financially rests not least on the fact that two of the Big Four clearers—Lloyds and the Midland—had their origins there and enjoy notable strength in the West Midlands industrial region. Williams and Glyn's is also represented in the area, though not on the scene on which it operates in the North-West.

With their large expansion of lending since the 1960s, the clearers have undertaken, in varying ways, their own forms

of regional devolution, which should prove increasingly significant when the current sluggish loan climate brightens up.

Barclays Bank has for several years had its own, and recently renamed, Barclays Merchant Bank subsidiary represented in Birmingham, where it sees a flow of custom from companies familiar with the parent. Barclays Merchant Bank is active in putting together "packages" of short-term and longer-term finance for Midlands companies with new projects. "We tie up the string," is how Mr. David James, who is in charge, puts it.

Revival

One of the City merchant banks longest established in the Midlands is Singer and Friedlander, whose Birmingham operation there is headed by Sir Timothy Harford, and which is also represented in Nottingham. Sir Timothy sees some current revival in merger advisory business, after a period when prospective sellers nourished expectations of value tags which proved too high. He also points out that present taxation is making some owners of private businesses reluctant to sell or to go public—and is driving some to take up residence abroad.

Hill Samuel is perhaps the largest London merchant bank with a considerable presence in Birmingham, where it conducts a personal account business in its banking hall, mainly for better-off customers, and a merchant banking side. Mr. Robert Burns, who runs the business there, is noticing more interest in rights issues just now from medium-sized public companies, while also believing that any resumption of new flotations of private companies probably awaits some large-sized family owned company going public. Like other bankers, he also feels the "threshold" value for new flotations will have to be considerably higher than in the past.

The number of medium-sized and small private companies in the Midlands makes the region an active one for industrial and Commercial Finance Corporation, which provides equity and loan capital for growing concerns and which has offices in Birmingham, Leicester and Nottingham.

Another smaller concern represented in Birmingham which backs well-established private companies of some size and often taking share stakes of 15 per cent to 33 per cent in them—is Gresham Trust. Other London merchant banks represented in Birmingham are Brandts, Charterhouse Japhet, Kleinwort Benson and Samuel Montagu, the latter of which also had a Leicester office until 1974.

A locally based banking and

industrial company is G. R. Dawes Holdings, the former Neville Group, whose shares were re-listed last autumn after a suspension for reorganisation which had proved more prolonged than expected because of the overcast climate in secondary banking.

Of its banking subsidiary, the chairman, Mr. Howard Dawes, said in his latest annual statement that a great deal of thought had been given to the role of a merchant bank such as theirs. They were sure that there would be increasing demand for a "private bank" where individual circumstances could be taken fully into account.

In the light of Birmingham's widespread financial activity and the region's economic importance, it is not surprising that the Bank of England has one of its seven regional branches there. The Agent in charge of this branch is Mr. David Nendick, whose duties include keeping the Governor in touch with banking developments and industrial trends.

Corrections

The Midlands is an area where banks with overseas connections have been taking a growing interest, with the continuing increase in Britain's external trade. Standard and Chartered Bank, the group with long-established African and Eastern networks, and a newer and expanding business in Britain and Europe, has had a branch in Birmingham for four years.

Among American banks with a presence in Birmingham are Bank of America, the world's largest bank, and Bankers Trust International, another major U.S. group. Their representation in the Midlands reflects the region's extensive trading connections abroad.

Birmingham Municipal Bank is an institution unique to the city in which it is based. Dating back to World War I, it has functions in banking and the management of savings in many ways parallel to those of the Trustee Savings Banks, who were confidently adding up in model size and power units, in had suddenly to reverse their strategy and rethink the whole philosophy of product packaging and to re-concentrate on smaller, more economical cars. Of course, those who make the 20,000 or so components that go into the average saloon were also caught in the trap, but to a lesser extent because in many instances the components remained the same. The car makers had to introduce major design and assembly changes and to adjust to a home market squeeze without being able to make significant advances in sales overseas.

Stormy

One of the most notable Midlands-based financial institutions is Forward Trust, which takes its name from Birmingham's own motto. A wholly-owned subsidiary of the Midland Bank, it has weathered the stormy financial climate of the last two years more easily than many competitors, and has reported rising profits.

Forward Trust has a large business in financing industrial equipment as well as consumer spending. Mr. G. J. M. McLeod, its finance director, says the Board is looking for increasing

demand to emerge as the year goes on.

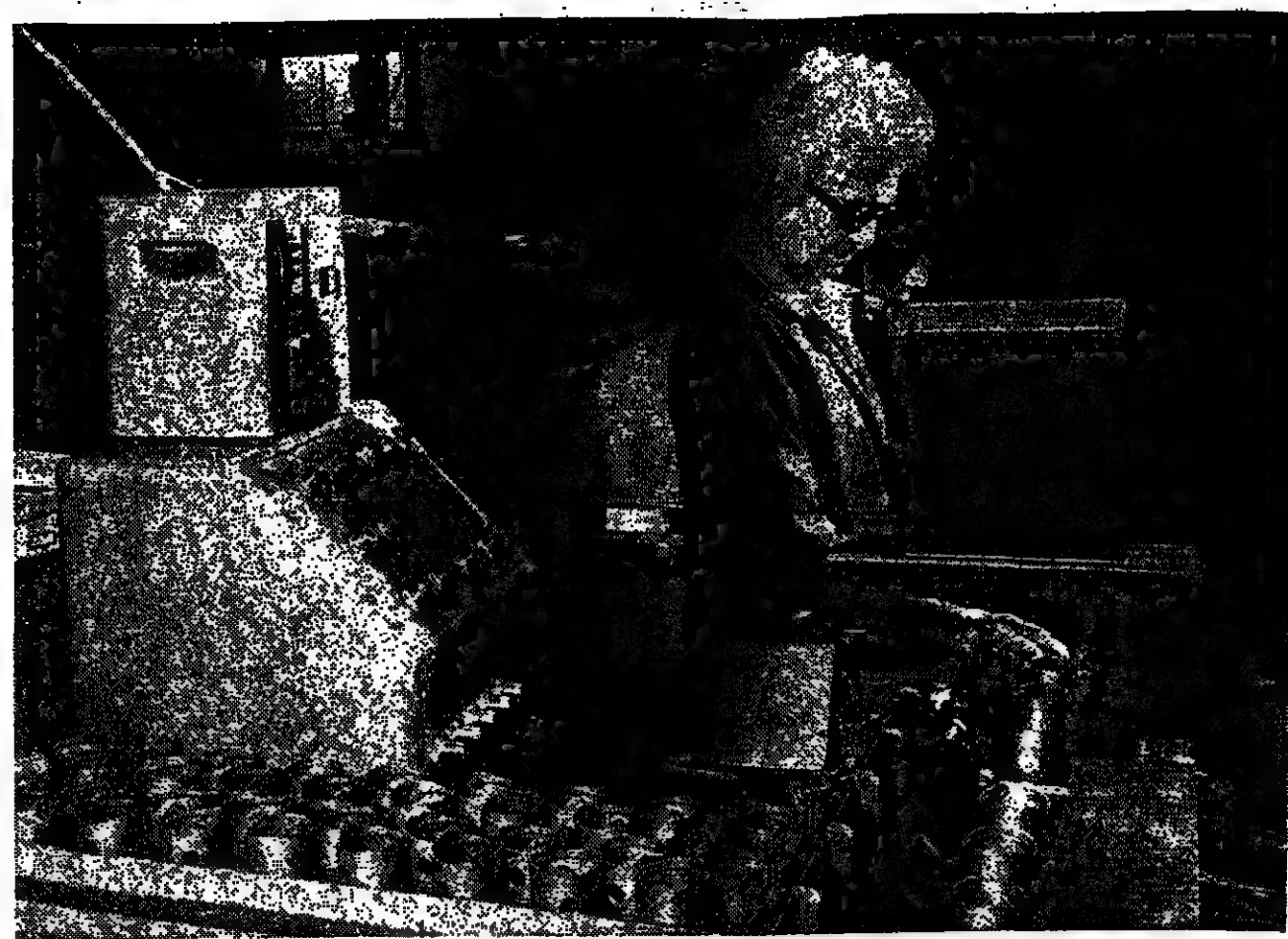
In recent years, Forward Trust has branched out into running money shops, of which it now has nine, including six in the Midlands area—in Birmingham, Derby, Dudley, Leicester, Walsall and Wolverhampton.

The insurance industry is also well represented in the Midlands, where the two largest Birmingham-based independent groups are Britannic Assurance and the mutual Wesleyan and General Assurance Society, now incorporating the business of the former Salvation Army Assurance Society. In addition, Birmingham is the home of Midland Assurance, part of the Eagle Star insurance group.

The Midlands' industrial and financial activities are reflected in the very sizeable stock market fraternity of the Midlands and Western unit of the Stock Exchange, with its management centre in Birmingham, where there is a trading floor.

Birmingham has fourteen firms of brokers, three of whom—Cutler, Harris Allday Lea and Brooks, and Smith Keen Barnett—have London offices, and some of which have other offices elsewhere, and three firms of jobbers. There are also stockbroking firms in several other Midlands cities, including two in Leicester.

Margaret Reid



The Warwick plant of BAC where pistons for the Austin/Morris engine are produced.

Centre for components

TO AN ENVIABLE extent the component making industries of the Midlands have escaped the heaviest blows that the oil crisis dealt the motor and engineering industries. Car producers, who were confidently adding up in model size and power units, in had suddenly to reverse their strategy and rethink the whole philosophy of product packaging and to re-concentrate on smaller, more economical cars.

Of course, those who make the 20,000 or so components that go into the average saloon were also caught in the trap, but to a lesser extent because in many instances the components remained the same. The car makers had to introduce major design and assembly changes and to adjust to a home market squeeze without being able to make significant advances in sales overseas.

Thus the component makers benefited from a technically fortunate circumstance, but long before that the industry had raised itself to the biggest single outside supplier of the motor industry in Western Europe and had become a major supplier to countries much further afield. Its export performance has been one of steadily improving achievement. In 1973 the value of exports of components and accessories was 22 per cent greater than in 1972 at £700m. The next year the increase was 20 per cent, and last year it topped £1bn. for the first time, moving up 34 per cent from £855m. to £1,143m. Together with commercial vehicle exports, which were just over 70 per cent greater by value at £428m., they were the star performers of 1975.

It was in the light of these figures that Sir William Batty, President of the Society of Motor Manufacturers and Traders, was able to state at the recent Amsterdam Motor Show that "Britain comes to this major European exhibition as the undisputed No. 1 in Europe in respect of commercial vehicles." He could also have added "and of components and accessories," for they contribute 44 per cent of total motor industry exports. This was in striking contrast to the poor performance of the car section, which failed by a deficit of £31m. to match the increase in imports by exporting more.

However, the performance of the car makers has recently been improving, subject to the disputes which have held back production on some fronts, and there is now some optimism that forecasts of a "just the same" or even slightly worse year in 1976 will be proven to be misplaced. And while there has been some weakening in the commercial vehicle market, that for tractors remains buoyant. Thus while the home market, especially for cars, has been difficult, exports have greatly helped to maintain balanced production, and even to increase it for selected products.

Nonetheless the Midlands, which is the great centre for component and accessory manufacture on which vehicle makers rely to the extent of about two-thirds of the products

ordered for the assembly lines, has had to absorb two hammer blows. First there were the problems of British Leyland, its poor industrial relations record allied to poor production and marketing. Following hard on the heels of this was the collapse of Chrysler (U.K.).

Both have major plants in the Midlands and such was the threat to employment that the Government had to step in with massive injections of cash to save them for posterity and, one hopes, future prosperity. Had both of them been left to their own devices employment in the Midlands would have crumbled rapidly, for about one in five of these employed in manufacturing industry is directly or indirectly dependent on the motor industries for the next wage packet.

Much of the export value of individual sections of the components and accessories industry is directly identifiable with the Midlands—and some are surprisingly high. Tyres and fan belts, for instance, netted £110m. in foreign currency in 11 months to end-November last year; parts for engines totted up to £69m.; brakes and clutches to £11m.; crankshafts and plain shaft bearings to £17m.; electric appliances to £5m.; starters and generators to £12m. and batteries to £5m.

Leading tyre makers like Dunlop, Goodyear, Michelin and Pirelli have substantial plants in the Midlands; some 55 per cent of the car clutch market in the U.K. is held by Automotive Products at Leamington Spa, which also makes brakes—though Girling, part of the Lucas organisation, is the larger producer. Lucas is, indeed, one of the dominant suppliers of electrical and fuel injection equipment in Europe.

Supplies

In the engineering field GRV, Britain's largest engineering group, is a principal supplier to the automotive industry of transmission components, crankshafts, connecting rods and wheels. Associated Engineering, one of Europe's leading manufacturers and distributors of parts for the engine and allied industries, has eight major plants in the Midlands accounting for a third of its total U.K. operations, which are centred on Leamington Spa. The company specialises, among other things, in pistons, light alloy cylinder heads, piston rings and radiators for specialist car makers. The Birmid-Qualcast group operates several foundries devoted to automotive components such as engine blocks and brake drums, and Wilmot Breeden is the chief source of window winding mechanisms, door locks and similar equipment.

The scale of operations in overseas markets is in many instances substantial and on a growing scale. For instance, the Lucas group's sales from overseas factories in the last financial year were £161.5m. and an increase in overseas profits of more than 40 per cent was achieved. It has manufacturing and distribution centres

in 60 countries and there are only three in which it does not trade. It is investing more than £30m. in expanding production of diesel engine injection equipment alone.

Even highly industrialised countries seek the technical expertise of the U.K. industry. Nippon Piston Ring, one of Japan's leading makers of piston rings, has a licence and technical aid agreement with Associated Engineering in respect of stater components and, on a different level, Associated Products has a two-way agreement with Japanese interests to market and sell spares. The American car industry uses a wide range of components made in Britain from castings to sophisticated automatic gearboxes. All major European car makers come to the U.K. for some of their requirements, not only as part of a multi-sourcing policy to ensure supplies if there is a stoppage at a traditional supplier, but also on technical and quality grounds.

Both A.P. at Leamington Spa and Lucas in Birmingham have been approved as meeting in all

respects—including things like design, production engineering and administration—the Defence Ministry's top quality standard. This is equal to the stringent NATO quality control systems requirement recognised in all NATO countries.

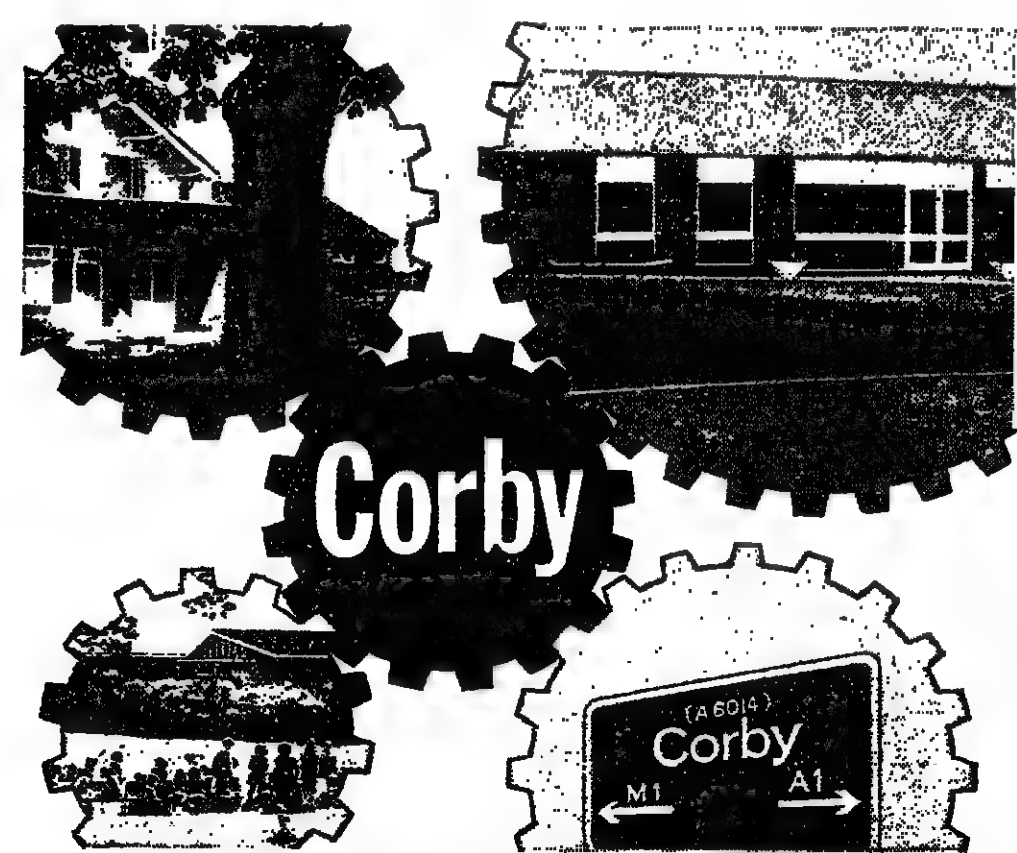
At the same time, with the 600 major component makers he homes in the Midlands, better equipped than manufacturers to pull the kind of world record now going through, are hundreds of smaller enterprises more directly dependent on the motor industry. Such ponderance, and the which Midlands vehicle Government policies their operations with the region's ability to find so much around is and injection of the new chemical and electronic industries is desperate. On the other hand, the industry is a impressive demonstration of strength and flexibility.

Quality
Technical quality and the ability consistently to deliver on time are among the virtues that have led motor manufacturers all over the world to the U.K. or to U.K. designs and products. Volvo, for instance, Scandinavia's biggest single commercial concern which has long emphasised the quality of its vehicles, buys more than £80m. worth of components annually from this country. They range from propshafts and bearings to braking systems and steering gear. Volkswagen buys about £7m. worth and this is expected to reach towards £20m. in the future.

In design, technical achievement, manufacturing and marketing the components industry centred on the Midlands can

take a lot of pride. It is the motor industry should anyone to its achievements in the large. It has built for very strong survival k

Peter Carl



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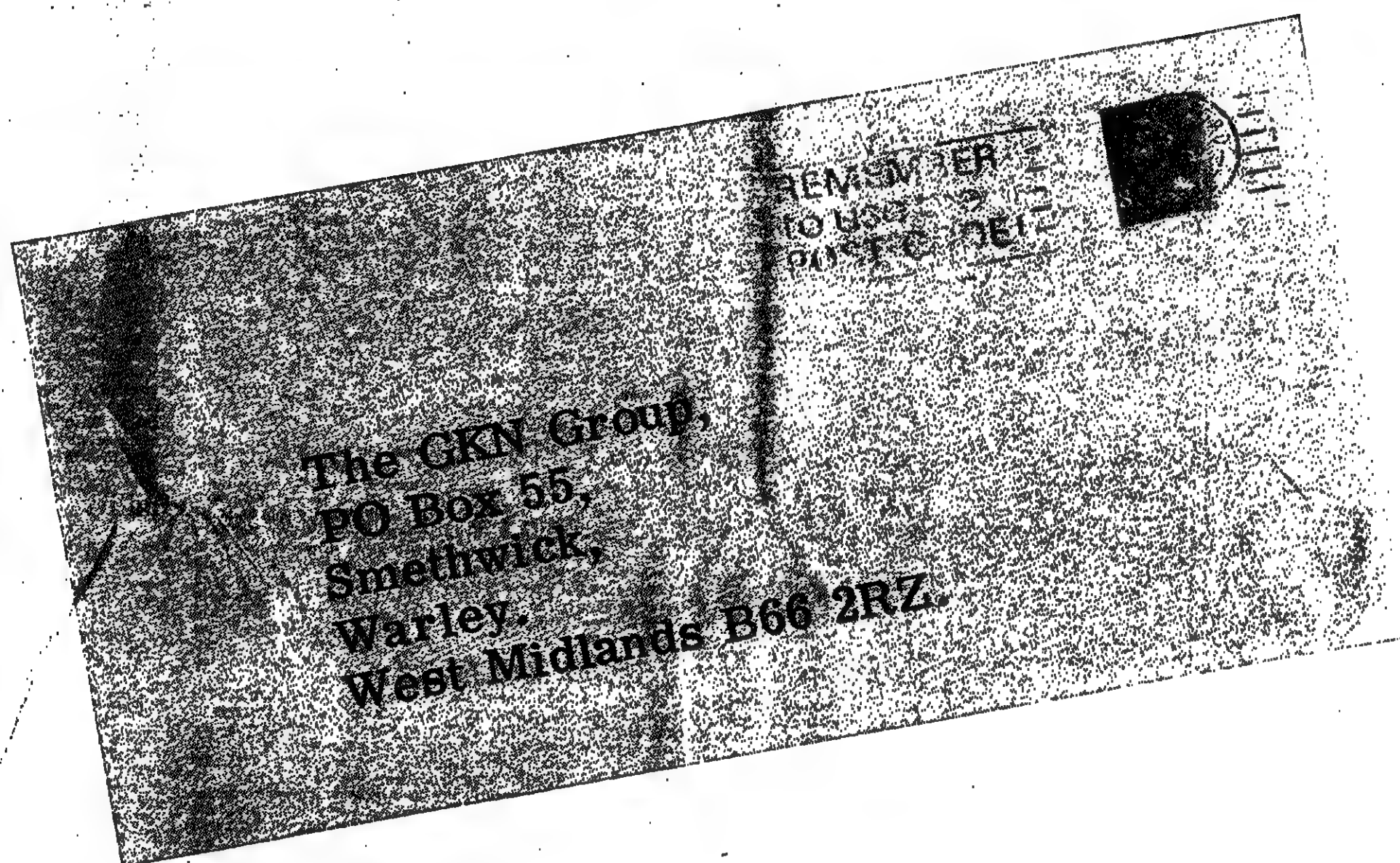
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Car, truck and tractor makers, component assemblers, pallet users, construction engineers, scaffolders, builders, gas and central heating engineers, plastics manufacturers, oil engineers, hardware traders, steel users, and industrialists, all have one supplier in common.



At any one time, over 70 GKN Group companies in the Midlands alone will be making or supplying thousands of different types of products. A variety of products so diverse that it meets the needs of very different companies, all customers of GKN. It makes an impressive story.

To suit any number of vehicles up to a 50-ton lorry, automotive manufacturers go to GKN Axles. They go to GKN Kent Alloys, the world's largest original equipment manufacturer of aluminium alloy wheels. To GKN Transmissions—Europe's largest transmission joints and propeller shafts supplier. And they go to GKN Sankey, which makes over 1,000 tons of semi- or fully-finished products every day, from cabs and wheels for lorries and tractors to bumpers and plastic mouldings for cars.

At the same time, they go to GKN Forgings, Europe's largest forging organisation, producing 250,000 tonnes of components a year. Scaffolding, foundations, concrete reinforcements and many of the other numerous needs of the building and construction industries are met by GKN Building Supplies and Services. And GKN Chep keep pallet users happy, as Britain's first pallet hire service. Industrialists throughout the world use GKN Engineering's operations in contracting, capital plant, induction heating and melting, plastics machinery and welding equipment.

Even the very specialist demands of oil engineers working in the North Sea are met by GKN companies led by the BKL Division of Firth Cleveland.

People in all trades and industries look to GKN Fasteners, the world's leading fastener manufacturer.

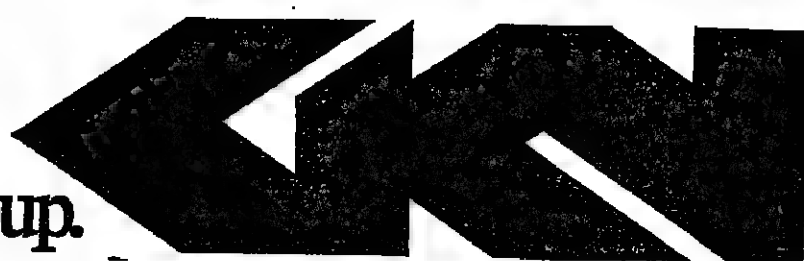
GKN Fastener and Hardware Distributors, through its 74 depots, supplies industrial buyers and the hardware trade with over 90,000 different items.

GKN is also heavily involved with the supply of steel. Over 1 million ingot tonnes are processed every year by GKN Rolled and Bright Steel, and 20% of all British industry's steelstock requirements are met by GKN Steelstock.

Such a varied list proves that GKN's contribution to industry is immense. GKN is a worldwide organisation, with an annual £1,138,000,000 turnover from over 260 manufacturing centres employing 120,000 people. And it's through this worldwide organisation that GKN earns enormously valuable direct and indirect exports worth £272 million for Britain.

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Pler

There has also been a strong trend away from the country, with most people unable to afford inflated petrol prices on a long run into work and back home again every day. Many of

... of

...as well as to a house, people prefer to go to one of our housing developments in North Worcestershire rather than pay the cost of travelling."

Meanwhile, at Redditch, which has won a number of design awards for housing developments, over 4,000 houses

lending at a rate of £20m. a year until it was stopped last June, and no more money for local authority mortgages of the usual kind will be available until April when the city au-

region

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in more than 1,500 house purchases so far. At present six or seven private developers are building houses in Corby New

month for the mortgage and
£14.00 a month for the rent.

ence in this part of the market as builders cater more and more for the lower-end of the market with quick production and sales in mind.

Lyndon Jenkins, Press and public relations officer for the NEC, says they have estimated that with an exhibition the size

comprising the Metropole and Warwick Hotels. At the Metropole you pay from £18.50 a day for a single room, from £23.00 a day for a twin and from £80 a

Midlands is the chan
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have kept their pri
But the rise in the n
last autumn, and
better weather since
made them much mo
with life

There are, though, questions of EEC membership for which they have no answer. Dairy farmers had been hoping to

production, are quite concerned by the surpluses in the Community and by talk of farmers bearing the cost of it.

particularly upset because very recently British had been held in the Government while the Europeans was not re-

all. Why they say, should be treated on this question the same way, as the farmers whom in the past have been the cause

There are certain conditions including fruit, and sugar in which the with the EEC could s

a later date. Midlands
in general are well
compete with European
but they wonder if the
allowed to.

John Chern

the most complex problems. All these operations can be carried out accurately and speedily which provides customers with quicker deliveries and effective cost savings. This entire project has been the responsibility of Mr. Frank Bail, Director, whose wide engineering experience and understanding of all the problems involved has resorted in one of the most advanced machines of its type in the world. Its size is immense, having an overall length of 62 yards, nearly the length of 3

cricket pitches, and foundations that alone cost over £35000. Capable of machining work pieces of 50 tons and boring shafts 62ft in length the Forebore deep-hole boring and turning lathe is the result of the forward-thinking attitude which places Walter Somers at the forefront of British industry today.

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and sheep turned over to milk, and the overall area of

1954

فكان اسم الأصل

New towns still have much to offer

MIDLANDS, always a four miles from the M1, with connections within 20 miles of the town centre with the M5 and M6. It is also on the electric railway line to London (Euston).

In the last three or four years Northampton has attracted a number of major developments, both in the industrial and commercial fields. The first great success was the winning of Henry Telfer, the meat products firm, to the town about two years ago. Telfer now employs around 1,500 people in Northampton. Other industrial successes include Levi Strauss, which claims to have the largest automated clothing warehouse in Europe in Northampton, and a number of Continental companies who have chosen the town for major developments.

These include Gelders, a Dutch company which has opened a large inland customs depot; Naarden, another Dutch company specialising in manufacturing and distributing flavoured and essences for the

food industry; and the German firm of Hartmann and Braun, "We are getting a healthy flow of enquiries, but completed deals are not coming off at the rate we need. I believe that the turnaround will come by the end of the year and more quickly than people think."

Commercial success has been gained as well, with both Barclays and the Barclay advance factories, or a site of Cheque Clearing Centre based any size, to be available in Northampton. At present, a deal is being concluded with an American company for an office site on which initially a 30,000 square foot office block will be built. And there has been a tremendous growth in shopping facilities in the town, both at the Weston Favell Centre, a joint venture shopping/sports/education centre, and at the Grosvenor Centre, for small shops and for larger chain stores.

Optimism

Mr. L. Austin-Crowe, Chief Estates Officer of Northampton Development Corporation, says there is a mood of "restrained optimism" in the town at pre-

specifications by the end of the year.

Corby, in contrast to Northampton, is the oldest of the Midland New Towns and was originally designated in 1950. In 1963, the area was extended and Corby is now planned to eventually accommodate a population of 83,000. It is not as fortunately situated near to motorways as many new towns, falling as it does between the M1, 23 miles to the west (though here there is a connection with the M6), and the A1, 15 miles to the east. However, its advantages lie in the instant availability of new factory and warehousing units, and in a good labour market of men with engineering skills and women who have traditionally worked in the clothing and shoe industries.

Corby was long known as a steel town, and the British Steel Corporation still employs around 13,000 people. But Corby has gone in for a policy of attracting a variety of firms and had notable successes in the

1960s with Avon Cosmetics and Golden Wonder, who both took up large sites. Other incoming firms included Aquascutum and Textured Jersey. More recently Corby has concentrated on attracting small and medium-sized firms, with around 100 employees, and has made steady progress rather than sensational news as far as development is concerned.

To-day, Corby can offer a number of advance factories, already built, ranging from around 10,000 to 40,000 square feet in size. A further three of 10,000 square feet are under construction and will be ready in March, and two more at 20,000 square feet will be ready in June. All these units are available on Corby's Earlistree Estate, and rentals are from 85p per square foot, rising to 95p per square foot, for the very newest. Also, two warehouses totalling 20,000 square feet are available. Sites of up to 30 acres for new developments are ready to be found, and one of 150 acres could be available to the right company.

As far as commercial development is concerned, Corby has considerably extended and modernised its shopping centre, and a Development Corporation office block of 50,000 square feet in the town centre is fully let. Deane House, a private development, around 20,000 square feet in all, is still available. Corby still has considerable land for office development available close to the town centre.

Redditch, like Corby, is a new town growing from a virtually green fields site. It was designated in 1968 to take over from Birmingham in particular, and since then the original population has increased from 32,000 to nearly 50,000. About 8,000 new houses have been built by all agencies in the New Town area, and 6,834 new jobs provided, of which over 5,000 are in manufacturing industries. Over 240 industrial premises have now been established on Development Corporation land.

Redditch is fond of calling itself the Hub of England, a phrase once used by an incoming employer. Communications are certainly an attraction to industrialists and businessmen. The M5 is only 9 miles away, reached by a fast dual carriage-way from Redditch to Bromsgrove, and provides easy access to the M6 and M1. Both the proposed M49, which would provide a link to the South-East, and the proposed M42, which would provide links to the South-West and North-East, should further improve Red-

ditch's situation in the next few years. The town has also good access to the British Rail freightliner depot at Birmingham, which serves the Continental.

Communications and good new industrial sites and services has attracted firms to Redditch and in some cases away from Birmingham, to the chagrin of Redditch's big neighbour. "We have gone for big warehousing organisations where we could get their head offices as well," comments Mr. A. M. Grier, general manager of Redditch Development Corporation. Successes in this field include the establishment of Halfords and Serck Services. Other major firms which have been attracted on a large scale include Alfred Herbert and BKL Alloys.

But Redditch has no one dominant employer and the New Town encourages small local firms to expand by providing advance units from as small as 400 square feet up to 20,000 square feet. A further encouragement to new developments is the availability of both men and women workers with metal-working skills. Redditch can also provide industrial sites for incoming firms and design or build to their specifications, as in the case of Avon Medicals, which has just opened a large production unit in the New Town, designed by Development Corporation architects.

Rapidly

Redditch town centre has developed rapidly in the last five years with the provision of many new shops and offices. The Kingfisher Centre (Phase 1) was opened in 1973 and is supported by Royal Square nearby, providing further shopping and market stalls. Recently, Phase II, in Worcester Square, linking Royal Square and the Kingfisher Centre, has been opened, providing yet more shopping space. Redditch has firm plans for the third phase of shopping, to include several department stores, which would more than double the existing shopping facilities.

New office developments include those provided in the Kingfisher scheme, which have been fully let, and the unusual GKN office development in a parkland setting out of the town centre at Isley Court. Redditch hopes to offer further semi-rural sites for prestige office developments, including one of 100,000 square feet in woodland, close to the town's Southern Hotel. Telford, originally designated

Dawley New Town in 1963 and redesignated with a new name in 1968, is being expanded to take over from the whole West Midlands conurbation. Its unique character, combining many communities which had their roots in the foundations of the Industrial Revolution, has provided environmental challenges which are being successfully overcome. Telford is now expected to grow to 220,000 by the end of the century and is well placed to attract industrialists who want a national and regional distribution centre. It has an A5 link to the M6 and so to the M5 and M1 motorways, though the completion of the M54, hopefully in 1978, between Telford and the M6 will bring both Birmingham and London much closer.

"We do need the M54 link and when we've got it communications will be superb. A lot of companies have already come here on the promise of it," says Bob Tilmouth, Telford Development Corporation's Commercial Director. The newcomers have included Link 51, a metal furniture and storage equipment company, which with three factories and a head office in Telford has now taken a total of 250,000 square feet. BKL Alloys has also recently come to Telford and taken a 25-acre site. Brintons, the carpet firm from Kidderminster which was already in Telford, has recently taken an 80,000 square foot extension for a wool washing and preparation plant.

"I let three of the larger advance factories, around 35,000 to 40,000 square feet, in one week at the beginning of February," says Bob Tilmouth. "At present we've got a six months supply of advance factories available, with a fair range from 5,000 square feet to 35,000 square feet on stock. In view of the recent lettings, we will be commissioning more factories very soon." Rentals start at 75p but average 82p to 85p per square foot. The Development Corporation also has sites from half an acre to 30 acres available on its industrial estates.

Telford is at present somewhat short of new office accommodation. A 64,000 square foot development by Blackburn Developments, Malinslee House, is already fully let to local organisations, including the Development Corporation. A further Blackburn Developments office block is in the pipeline. It is planned to be 90,000 square feet and it is hoped that work will begin this summer and be completed mid-1977.

Eileen Totten

Plenty of office space

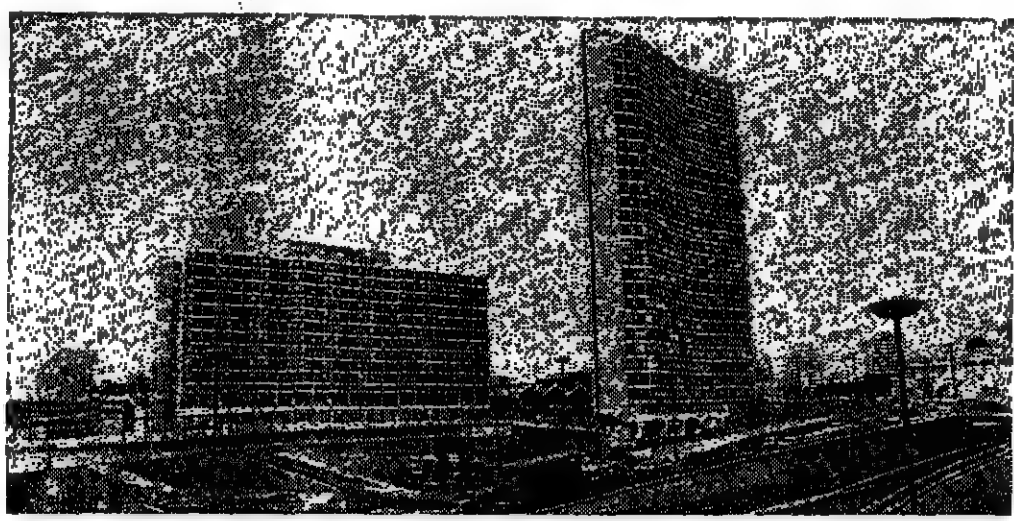
THAT window I can see y office blocks," says a ham estate agent. "It's a bit desperate. And still coming out of the so I can't see the situation much for another

tes of the extent to y city is over-officed are angurous. They do not account the quality of ng offered, the size of the specific locations. ver you do the sums am looks to have million than half a quare feet on offer.

y any standards, makes if supply and demand dangerously out of 1 if it is still possible at a client looking for izes of better quality immodation still has idful of buildings from choose. The scene is n several of the other res in the East and ands, though on a re-

irect figures from Location of Offices rk say that there are square feet of office able in the West Mid- 87,000 square feet n the East Midlands. act on office rents has stable: the past year rental values static What has often been that dropping asking answer to an empty eam. If there is no then there is no any price.

ible ple of modern space £1.75 a square foot House; moving up, if Bernard Thorpe rs may let six floors, 000 square feet of 0 square feet of ouse, Priory Queens- ething between £2.35 square foot. Solihull nds a premium, with mental advantages, a equidistant from other incentives from the 3 and Coventry and attraction of the Exhibition Centre The range for air-space there is



The Alpha Tower, Birmingham, a new office block, with the Holiday Inn Hotel on the left.

around £3 to £2.25 a square foot. The NEC itself raises an interesting question for the new developments in Sheldon, where there is around 170,000 square feet of space left within a mile and a half of the centre, half of it in the National Centre House block. The figures being aimed at here are around £2.25 per square foot. The impression is that, should the centre prove itself a real success, then this space should go swiftly. But the proof has to come first, and that will not be until there have been three or four more successful exhibitions.

These rental values still represent only fractions of even the fallen level of London and other South East rents. But re-location, with a few notable exceptions, has largely dried up over the last year. The exercises now being completed were planned when companies could afford them and before Government came under pressure to keep jobs in London. There is going to be little new in the pipeline for completion in the late Seventies.

The Midlands have anyway always faced the competition, amounting to two or three year rent-free periods, as well as a squidistant from other incentives from the 3 and Coventry and attraction of the Exhibition Centre The range for air-space there is

grants, and with Leeds. In both cities, and particularly in Sheffield, rents now seem likely to take an upward course and have already moved ahead of those in the Midlands.

How long this can last will be interesting, given the intrinsic strength of demand in the Midlands whenever the economic cycle turns up (it is worth remembering that most of the area, particularly Birmingham, has regularly been described as over-officed during the last decade, yet the space surplus has eventually been absorbed). And two factors, the increased attention to total office costs, involving a much closer study of space utilisation, plus the escalation of building costs, make rent comparisons to-day particularly tricky.

The present crop of new office space available in the Midlands must be the last which can be economically let in the £2 to £3 per square foot price band. The next generation of developments will have to command closer to £4 or £5 per square foot to cover building costs, even granted low site values.

A building costs study, for insurance purposes, done by a door to the old British Rail

private development company, Interland Estates, with new projects being completed in both Birmingham and Nottingham, illustrates the point. On its Nottingham City Gate development, with a net area of 175,000 square feet, Interland's bill from the contractor for work started in 1973 and due to be completed in the next few months, will be just under £185 per square foot. This is leaving out professional fees, interest and other charges. On replacement value, assuming another two-and-a-quarter-year contract starting now, the cost would be £30 per square foot.

Standards

Though it has not set an asking rent on its Nottingham building, it is possible Interland will try to get a little more, £3 plus, than in its 190,000 square foot Berkley House unit in Birmingham. The contrast with Leicester, where there is much space under £2 per square foot, is marked.

If Berkley House can command £3 per square foot, then it would also be some sign of a difference in standards, it is not.

Quentin Guirham

NEC

CONTINUED FROM PREVIOUS PAGE

International Machine Tools Exhibition; HEVAC, at heating and ventilation exhibition; ELEC-TREX, an electrical exhibition; the Fashion Fair; the Toy Fair; and Sound and Vision, an exhibition of audio equipment.

Even more important from the point of view of Midlands industry would be the resiting of the Motor Show at Bickenhill. It was thought at one time that the Motor Show would be a certainty for the NEC because its present venue, Earls Court, was too close for improvements. However, now that Earls Court is to remain open, the Motor Show organisers are balloting their members about a possible move to Birmingham. "We are pretty confident of the result," says Lyndon Jenkins.

The Motor Show, along with machine tools and other technical and industrial exhibitions, should make the NEC a tremendous showcase for the region's products. "A man's best advertising is always his own backyard, and here we're in the middle of the main engineering centre of the country," says Lyndon Jenkins. "If visitors are interested in an exhibitor's products, they can easily go off and see his business, see how the goods are made."

It wouldn't matter in which part of the region a company was situated as access to the NEC from all sides is good. The Centre is at present served directly by three motorways—

the M1, M5 and M6—and will eventually be served by two more—the M42, now being built, and the M40, still in the planning stage. The siting of the NEC was also chosen because of immediate proximity to the fast inter-city Birmingham-Euston railway line, and Birmingham's Elmdon airport.

Operational

As a result, the first brand-new railway station in Britain this century, costing £6m., is now almost complete, and is already operational just 200 yards from the NEC. Passengers leave Birmingham International and reach the exhibition complex by a covered, heated walkway.

The fast trains take only 10 minutes from Birmingham International to Birmingham New Street, 30 minutes to Euston. It has been estimated that within a year or two, high-speed trains will have cut the journey time from International to Euston to under an hour. British Rail has also cashed in on the fact that many NEC visitors may want a London night-life by offering a £2 day return from either New Street or International to Euston, for passengers travelling on any train after 4 p.m. and returning not later than the train which leaves Euston for Birmingham just after midnight.

While Birmingham night club owners, theatre managers and

restaurants, who have stepped up their services dramatically, may not be too pleased to see spending money going to London every evening, the day return does preclude people staying in London and travelling up to Birmingham each day—unless they're prepared to pay a much higher rail fare.

Finally, Elmdon Airport, which has regular international flights, can take almost any kind of plane, but its terminal facilities will have to be much improved to meet with the demands the NEC will make upon it. The original plans to have a completely new terminal have had to be reassessed because of Government cut-backs. The NEC is hopeful, though, that the Government will make a decision on a new terminal sometime this year, and that the decision to develop the regional airports rather than a third London one, will help Elmdon's case.

Finally, nothing about the NEC could do more to help the Midlands, image than the fact that it was built by R. M. Douglas Construction ahead of schedule, and without a day lost through industrial action. Robert Booth, chairman of the NEC, gave everyone concerned praise for this unprecedented achievement in difficult days, when he said on completion: "What you have done stands out like a shining light."

Eileen Totten

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Ceramics industry in fair shape

THOSE SECTIONS of the ceramics industry concerned with tableware, electroceramics and sanitary ware—distinguish from the heavy clay sections—are among the very few U.K. industrial sectors that can tell a bright and heartening story. This section has not only survived the general recession in much better shape than most other industries but has gone on to improve on past performances, particularly in the export field.

It has, of course, always been an export-oriented industry, spearheaded by the unique English fine bone china so much in demand in North America and other vital currency markets. While it looks as though it may just miss the magic £100m. export total by perhaps £2m, or so, it will nevertheless have raised static 1979-80 totals of £78m-£77m, despite some declines in one or two branches.

Not surprisingly, it has been very much more difficult in a tighter market to sell high quality, high priced china and earthenware tableware. But while the 11 months figures show some falling off in shipments for this and other sections, like glazed wall and other tiles, it has been quite small. And sanitary ware, squeezed out of the home market by the collapse in the building and property markets, has done markedly better overseas. Electroceramics, a title covering a huge range of products from big overhead power

cable insulators to tiny electrical components, which is apt to lack between prosperity and decline, has been on a more stable course, with overseas earnings about doubled.

Much of the improvement no doubt has come from the rationalisation and restructuring of the industry, which is continuing. It is clear, as in other industries, that large-scale units with effective managements are most likely to generate the profits needed to modernise and expand. And also, it may be added, to sustain a prolonged period of short time, as is occurring in the sanitary ware section, most of which is operating at 60-70 per cent. capacity. One manufacturer, for instance, has only one kiln working in a new £4m. factory, though of course he is better provided than most to take advantage of the upturn when it comes.

Automation

Rationalisation has gone furthest in wall tile manufacture, partly because it lends itself to automation more easily than other sections. Production is dominated by H. and R. Johnson—Richards Tiles at Tunstall, which is responsible for nearly 70 per cent. of the total output. The next biggest, a long way squeezed out of the home market by the collapse in the building and property markets, has done markedly better overseas. Electroceramics, a title covering a huge range of products from big overhead power



The demonstration area at Wedgwood's factory at Barlaston, Staffordshire.

from the market of Polycell company have put it up for Tiles at Warrington. Exports have been a fairly steady 25 per cent. of production. The performance of this section has been a good deal better than the downturn in house building, as well as in schools, hospitals, and other public buildings—suggests. It has been buoyed up by the growth in the do-it-yourself market and by the increase in older house conversions and modernisation.

The aristocrats of the industry are the six members of the fine china association, whose number has not changed for many years. Their reputation is renowned throughout the world. Three of them, Doulton Fine China, Minton and Royal Doulton, are members of the Royal Doulton Tableware division of S. Pearson and Son. Cosipport reflects Wedgwood's interests and the two others are Royal Worcester and Spode. Both smaller production units. The fate of Spode is still undecided. Its owners, the American-based Carborundum

Tableware

Other china, some of it very nearly up to the quality of fine china, as well as earthenware is made in quantity by the above makers as well as by many other manufacturers in the Potteries and at other centres. Altogether no less than 11,000 tonnes of china and porcelain worth nearly £24m. were exported, while earthenware and other domestic ceramics netted more than £40m.

Tableware production, as the result of a series of mergers, is largely in the hands of the Wedgwood and Royal Doulton

Tableware groups, who between them account for about two-thirds of overall output.

Sanitary ware is not yet so concentrated, and may well not be in view of its relative bulk and the difficulty in mechanising and automating key processes. The biggest of the four main producers is Armitage Shanks, with Ideal-Standard, Doulton Sanitary and Twyford, a subsidiary of Reed Building Products, following. It has a creditable record of exporting about a third of production, mainly to former commonwealth countries, and also is strongly established in Australia and South Africa for instance) through subsidiaries in selected overseas markets. It is also a section of the market more subject than others to competition from alternative materials. Plastics has captured some two-thirds of the market for cisterns, and several leading sanitary ware makers have added to their ranges by going into acrylic bath and wash-hand basin production. The section

has been harder hit than most by cash flow problems, deriving partly from the trend by builders' merchants to reduce their stocks and rely on the manufacturer to increase his in order to be able to provide a 24 hour service. Most sanitary makers remain in the bottom of the economic trough, and expect to have to soldier on until, perhaps, 1978 before they get back to former high levels of orders. Meanwhile a heartening increase in exports, by weight as well as by value, indicates that they are not exactly sitting on their hands. Exports up to the end of November were £11m. compared with just over £7m. in the corresponding period last year.

Like other industries, ceramics has been unable to escape substantial increases in operating costs, even though a high proportion of its materials are obtained in the U.K. A not-untypical experience in the tableware section is that of Wedgwood, which has seen materials and fuel costs rise by 120 per

cent in the past two years or so. Bone (for china) has gone up by 130 per cent., china clay by 84 per cent., gold (for decoration), by 100 per cent. and carton packing by a formidable 180 per cent. Labour costs have increased by 90 per cent., and settlement day—March 25—is coming round again. Last year's business on its book settlement was about 35 per cent., with up to 40 per cent. increase for women. This year any agreement will have to take account of Phase 2 of the Government's pay policy, so to extent negotiations will be going on in an atmosphere of uncertainty. Fortunately industrial relations in the industry are excellent, and the union has always shown a willingness to understand.

Gas and other fuel costs, representing 10-12 per cent. of manufacturing costs, have been rising sharply. Gas is costing two and a half to three times more than it was two or three years ago, on top of other general increases, and the industry is looking for every possible economy from management restructuring and the use of computers and video screens to improvements in techniques and processes. "There is no way that I can see of a medium-size earthenware manufacturer staying in business without a very specialised product," says Sir Arthur Bryan, chairman of Wedgwood, of the current situation.

This comment was partly a recognition of the growing importance of strong in-house development departments. Although there are several outstanding engineering companies supplying first-rate plant and equipment, overseas as well as to the U.K., collectively they do not appear to have exploited the potential as aggressively for instance as the Germans or Italians. Moreover, there is an increasing realisation of the need for greater emphasis on ceramic technology in design rather than machine design technology. And of course, in-house development section can often come up with adaptations to basic equipment that provide a useful competitive advantage. Because the ceramics industry has only infrequently provided business that enables engineering companies to specialise in equip-

ment for it, they tend to run it in as part of general engineering. This difference in experience is becoming more apparent when comparisons with some European companies are made. One German company, for instance, has nearly 200 people working on its book settlement day—March 25—is coming round again. Last year's business on its book settlement was about 35 per cent., with up to 40 per cent. increase for women. This year any agreement will have to take account of Phase 2 of the Government's pay policy, so to extent negotiations will be going on in an atmosphere of uncertainty. Fortunately industrial relations in the industry are excellent, and the union has always shown a willingness to understand.

Overlooked

Many of the developments in the industry are going on elsewhere, even if they are overlooked. A good current progress in casting and glazing. Semi-automatic castary ware is far advanced in the tableware as automatic glazing. Improved product, 8,000 pieces a press, in addition of water needed in the process has been cut from an hour to 15 minutes. Effectively heat recovery kilns by channel gases through a heat exchanger that is for drying the ware, a fresh look at heat insulation systems, are also part of the overall picture. As an industry conversion value of raw materials and, significantly high expense, the ceramic feels it deserves assistance no less than the sprayer. Government is translated into action.

Peter C

Looking round



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Redevelopment under fire

IT IS a long-standing misconception that while the Midlands may be able to offer a great deal in terms of modern technology and industrial know-how, the region has inevitably foregone any claims it might have made for providing its inhabitants with an acceptable environment.

While the popular image of the region in the minds of outsiders does not, any longer, perhaps run to visions of the cobbled back streets and belching chimneys associated with regions further north, few people would regard the Midlands as a leading contestant for any environmental prizes. In reality, the region as a whole has as much to offer in terms of environmental quality as many other parts of the U.K. But the fact remains that to most observers the Midlands consists of Birmingham and the Black Country and the view persists that these areas have not changed since the industrial revolution, the age which made them great. In some ways, they have not, but in many important respects they have.

The region does, in any case, stretch well beyond the admittedly still bleak streets of Bilston, Dudley or West Bromwich or Smethwick, Walsall or Tipton but it is towns like these which have stamped their own indelible character on the Midlands and which persist in most people's imaginations. In Birmingham itself, it is true that for 15 years or more the city has been suffering the inevitable disruption of a rede-

velopment programme as pedestrian to spend much of his time underground as he moves about the city.

The powers that be have, in fact, recently begun to realise that perhaps development has in too many instances pandered to needs of the motor car, allowing it to dominate their decisions. As a result, several main shopping areas have now been pedestrianised and other similar schemes are under consideration. But while some cities are pondering over sweeping plans to virtually eliminate private transport from their centres, there seems little chance of such a policy being attempted or accepted in a city which forms the heart of the motor industry.

Conservationists would say that the redevelopment of Birmingham has inevitably destroyed much of its heritage and without doubt many buildings have disappeared which, if they stood today, would not have been removed with such little fuss.

As in many other cities, the council has become increasingly aware of the need for conservation of some of the city's more outstanding architectural longings, though the recent dis-

Blight

One of the biggest blights on the environment in both Birmingham and the Black Country towns, as well as further afield in areas like the Potteries, has been in the housing sector. For while extensive local authority and private development has been carried out in post-war years—Birmingham alone has removed over 60,000 slums—there remain extensive areas of sub-standard housing which are inadequate in terms of today's standards but which regrettably are still necessary.

For some time, high rise development provided the answer to housing redevelopment in several major Midland cities, although building of this type has now generally ceased as the full implications of making people live in such developments became clearer. The current emphasis, with the help of large amounts of government money, is on renovation and im-

provement rather than demolition and this policy seems certain to ensure that while a fair proportion of the older housing stock remains, it will be able to offer the amenities which people have a right to expect in the latter part of the twentieth century.

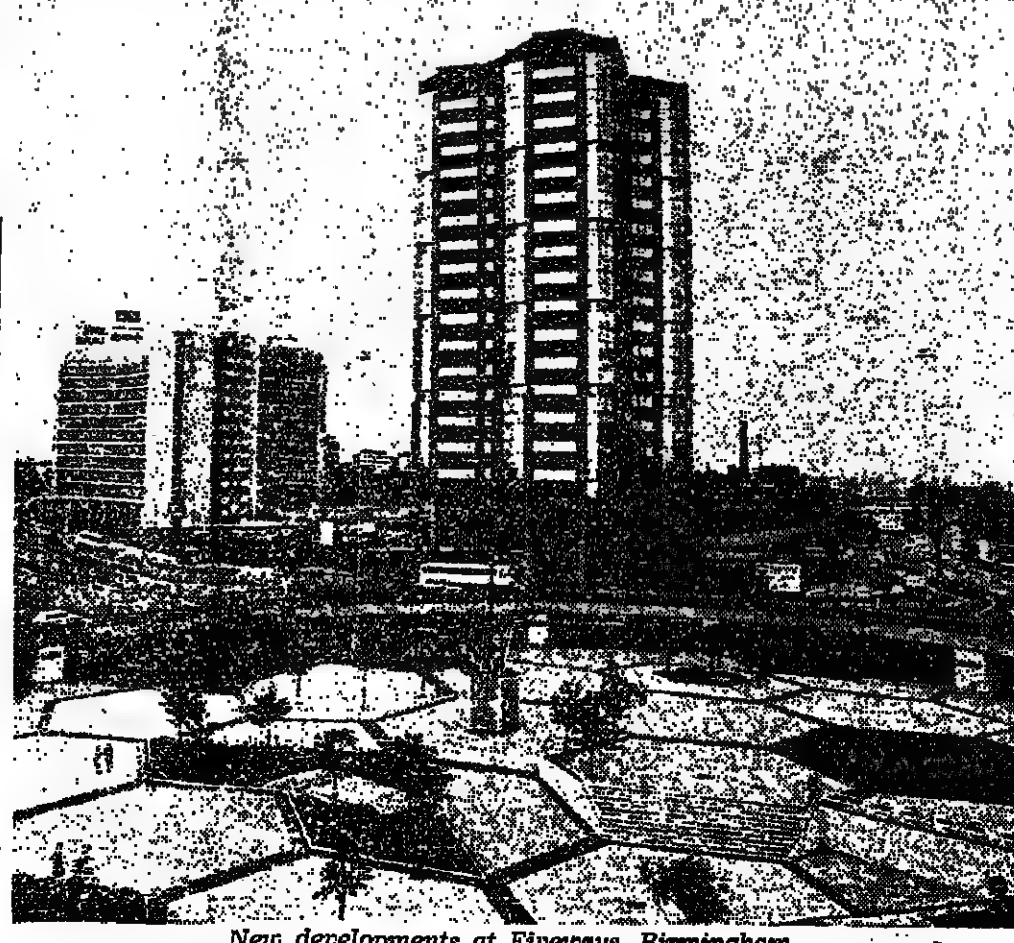
But it is as well to remember that the Midlands stretches far beyond the untidy sprawl of the Black Country or the back streets of Birmingham. The region includes the rich agricultural lands of Warwickshire and Worcestershire, the rolling Shropshire countryside, and the magnificent Welsh border country, as well as the stark beauty of Derbyshire. Some of Britain's most beautiful countryside and attractive towns lie within a 60-mile radius of Birmingham and the Midlander is fully appreciative of what is on his doorstep.

Scenic splendour apart, the region is rich in architectural heritage, with towns like Warwick, Leamington, Worcester, and Oxford contrasting sharply with the functional characteristics of some of its other towns. Artistic and leisure facilities also abound and any region which is home to such splendidly diverse attractions as the Royal Shakespeare Theatre, The City of Birmingham Symphony Orchestra, Birmingham Rep., and the Midlands Arts Centre, can hardly be described as a cultural wilderness, as many further south might imagine.

Michael

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Southern Africa

because none is likely to be available from the West, not because Rhodesian Africans are Communist. With the Angolan debacle in mind, Pretoria will presumably do all in its power to keep its forces out of Rhodesia.

There is, however, one very serious caveat to this argument. Throughout the whole period of detente, Mr. Vorster is known to have been extremely worried about the possible effects on his own White electorate of—

So are Mr. Vorster and President Kaunda right in believing that there will be a bloody confrontation in southern Africa? Alarmingly, they almost certainly are. But it is important, even at this late stage, that the reasons for that confrontation should be clearly seen. There has been a tendency, inside and outside Africa and nowhere more obviously than in Angola recently, to exaggerate the "pro- and anti-communist" motives of those who have fought for liberation in Africa so far.

southern Africa. It is more likely to stem from Rhodesia than Angola.

This is partly because the situation within Angola now seems to be stabilising, and partly because it looks as if South Africa itself has decided to pull back from the territory. Had South Africa decided to keep its troops alongside those of Unita, the situation might have been very different. However, although it is early to be completely sure, South Africa appears to have recognised its invasion of Angola as a mistake. Reports last week from Cape Town that the South African Cabinet will decide, tacitly if not actually, to recognise the MPLA government may be premature, but it now seems highly unlikely that South African troops will risk a confrontation with the MPLA and its Cuban allies in southern Angola.

Whether or not this means a complete withdrawal of South African troops from their present positions some 25 to 30 miles inside the Angolan border remains to be seen. Inter-

Nor does it seem at all likely that any of the parties involved in Angola—the MPLA itself, or the Russians and Cubans—will decide to take the war into South African-controlled Namibia. For a start, the MPLA will have its hands quite full enough with pacification, reconciliation and reconstruction within Angola. It may also be assumed (given the small numbers and basic lack of training of MPLA forces) that Cuban forces and Russian advisers will be likewise occupied. The ultimate Russian aim may well be to get into a position to influence the

Yesterday's news that the talks between Mr. Joshua Nkomo and Mr. Smith have all but broken down now raises this question even more starkly. If, as seems more than probable, there is no negotiated settlement in Rhodesia, will South Africa feel obliged to heed a call for military aid from Mr.

For the time being, suggestions that Russian arms and even Cuban forces are being flown to Mozambique for the direct use of Rhodesian guerrillas should not, perhaps, be taken too seriously. There is ample evidence that President Samora Machel of Mozambique and Tanzania's President Julius Nyerere are more concerned to pull the different groups within the nationalists into a united guerrilla movement than they are to play host to foreign troops, however useful these might have been in Angola. Nevertheless, the certainty is that Rhodesia's African guerrillas will get stronger rather than weaker over the next few months or years and that this will be primarily because of the help they get from the East—this is

There is, however, one very serious caveat to this argument. Throughout the whole period of detente, Mr. Vorster is known to have been extremely worried about the possible effects on his own White electorate of—for example — a large scale massacre of Whites in Rhodesia. He must be even more alarmed at this prospect now that the mood inside South Africa itself is, as a result of Angola, no much less confident than even a few months ago. Mr. Vorster is an extremely astute politician. He was, for example, able to persuade the majority of his White voters that the whole detente exercise, which involved him in putting obvious pressure on Mr. Smith as well as in much publicised meetings with Black leaders, was completely in South Africa's interests, even though it represented a considerable political *volte-face*. However astute he is in the current situation, it is by no means certain that he could persuade his White voters that the present policy is a defeat if White, South Africa's "kith and kin" across the Limpopo were to be in real trouble.

The struggle in Guinea-Bissau, Mozambique, Angola, has been primarily anti-colonial and nationalist and it will be the same in Rhodesia, Namibia and ultimately in South Africa itself, although in the last three it will be heavily imbued with racialist. If the Whites in southern Africa, and their allies, had been less intractable, it is doubtful whether there would be more than a handful of communists in the whole of southern Africa. Marxism as distinct from Soviet-Chinese communism — may well one day be the dominant ideology in the region. But if it is, it will primarily be because the Africans failed to get support from the Whites outside the Communist countries in their effort to rule themselves.

L. Morris-Jones,
Castle Chambers,
38A Castle Street,
Shrewsbury.

Clogs to clogs

From Mr. D. Bell.

Sir.—As a mere engineer/scientist perhaps I ought not to challenge Lord Brown on a political matter, but his letter on Friday, February 13 contained so many questionable points that cannot let it pass.

He said that control of a private business need not be in the hands of the proprietor because capital transfer tax could be met by giving only one-third share to the Industrial and Commercial Finance Corporation. But the next death would require the handing over one-third of the remaining two-thirds, thus giving the I.C.F.C. a holding of five-eighths. That is a controlling interest. So if the Government's aim that is to bring clogs in three generations "could be enforced universally by law?

But a bigger question in practice is the level of wealth at which the tax may be applied.

From Mr. D. Bell, a senior As a mere engineer/scientist perhaps I ought not to challenge Lord Brown on a political matter, but his letter on Friday, February 13 contained many questionable points that caused me to write.

He said that control of a private business need not be lost on the death of the proprietor because capital transfer tax could be met by giving only a minority of shares to the Industrial and Commercial Finance Corporation. But the next death would require the handing over of one-third of the remaining shares, and so on, until the CFCF holding of five-eighths of the company would be reached. This is a controlling interest. So it is the Government's aim that from elogs to elogs in three generations should be enforced, and the "family" law of inheritance be abolished.

But a bigger question in practice is the level of wealth at which the tax may be applied.

From the General Manager,
Industrial and Commercial
Finance Corporation.

Sir,—I refer to Lord Brown's letter of February 13 and the reply by Mr. Maurice Macmillan (February 16).

If it is accepted that some form of capital transfer tax is necessary it is essential that such tax should be levied in a way which will not destroy the small and medium sized British business. As currently constituted, however, CTT levied at a rate which is not only excessively punitive but will in the long run be permanently damaging to the small and medium

£3.50 to £7.18. The VAT inclusive price of £7.75 certainly included VAT of 57p, but there is a contribution from the £3.50 of some 27p which is not paid twice. Profit to the publican would seem to be £7.75 less (57p less 27p) = £7.18. The selling price of £7.15 less tax of price of £3.50 = £3.65, divided by £3.50 gives 1.075, a not ungenerous 10 1/4 per cent.

R. M. Rear,
106 Malleson Road,
Gotherrington, Cheshamham,
Gloucester.

**From The Chairman,
Italian Wines Committee of
the Wine and Spirit
Association of Great Britain.**

Sir,—One of the major aims of the Common Market is to ensure that commerce throughout its area offers equal opportunities for the same product to all who trade in it. This is the philosophy behind Article 95 of the Treaty of Rome which seeks to remove discrimination. The wine and spirit

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 a special occasion, Booth's
 will be even more
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From Mr. A. Green.

Sir.—Your Labour Editor on February 13 uses the sentence "Nor would it blur the conflicting interests of capital and labour."

I submit that until we get away from this wrong thinking we will never get the economy right. Labour and capital are interdependent. Each need the other in their common interests and that of the country. Is it too much to hope that our pupils and politicians will see the light and drive home this message in simple direct language to the people?

payment for settlement of duties/taxes, on the principle that taxation on commodities is basically levied on the consumer.

With the present wine surplus in Europe (not to say the rest of the world), surely this is the moment for the Chancellor to consider taking a step in the direction of producing a period of credit for payment of duties on wines and spirits.

J. L. C. Dribbell,
Five Kings House,
Kempner Wharf Lane,
Upper Thames Street, E.C.4.

from Mr. F. G. Brook.

Sir,—Unlike Lord Brown, who ensured last Tuesday's "Man Alive" BBC TV programme in your column, I applaud the substantial amount of criticism praising any Government legislation, including capital transfer tax, is wholly relevant to an open society. Congratulations to the BBC for highlighting the clumsiness of CTT and offering the real life experience of real people who are being affected by the operation of the tax.

What the programme also brought out in relief is that the tax is intended to be comprehensive and needs much subsequent legislation to be to my mind, more equitable. Equally, it is important to realise that estate duty needed replacing with a better and tighter law on inheritance but CTT rates are too punitive.

It is to suggesting that the Chief Secretary to the Treasury was overthrown on time. I quite

From Miss K. Campbell.
Sir. — G. Bevan's letter on the
cost to the country of civil ser-
vices cuts ("The oppressed civil
servant," February 12) inspires

From Mr. R. Rear.
Sir.—An interesting, if sad-
dening reflection on the con-
fusion in the minds of retailers

Trade opens, Chamber of Commerce and Industry, Kuwait.
Mr. Francis Pym, Opposition spokesman on agriculture, is guest speaker at London and National Provision Exchange annual dinner, Grosvenor House, W.1.
Institute of Building Dinner, Guildhall, E.C.2.

PARLIAMENTARY BUSINESS

House of Commons: Motion relating to proceedings at end of debate on motor industry on

Events

February 11. Trustee Savings Banks Bill, second reading. Consideration of EEC documents on nuclear safety.

House of Lords: Consideration of Treatment of Offenders (NI) Order. Motion for approval of Counter-inflation (Price Code) (Amendment) Order and of Community Fund (Accepted Development) Regulations. Solicitors (Scotland) Bill, committee stage. Debate on motion that European Communities Committee Measure for Cereals for Import and Ex-

port Purposes Regulations should be withdrawn.

COMPANY RESULTS
Bath and Portland Group (full year).
John Haggas (half year).
Imperial Metal Industries (full year).

COMPANY MEETINGS
Hardys and Hanson, Nottingham, 12.
Marley, Sevenoaks, 12.
NBS Newsagents, Woking, 2.30.
Prident Television, Dorchester Hotel, W., 11.30.

SPORT
Tennis: BP International Cup, Torquay.

THE independent inquiry ordered last week by the Government into the future of Greenwell Dry Docks, Sunderland, got under way yesterday at South Shields.

Mr. E. J. Owen, partner in charge of Toulche Ross and Co., management consultants, has been appointed by Mr. Eric Varley, the Industry Secretary, to conduct the investigation.

Accompanied by a member of his staff, Mr. Owen began by meeting Mr. Geoffrey A. Robinson, chairman, and Mr. Garfield Merelle, financial adviser, at the South Shields headquarters of North-East Coast Ship Repairs.

Afterwards the pair studied documents relating to the Greenwell position and went to the Sunderland yard to meet

Mr. Brian Sheret, managing director.

Mr. Varley ordered the inquiry after strong protests from Wear MPs, local councillors and union officials at the decision of North-East Coast Ship Repairs to close Greenwell in March because of heavy losses. Some 500 jobs are at stake.

Mr. Owen said he had a "relatively open brief" to examine the Greenwell position and to "draw the facts, the headline, hoped to report back to the Government within a month.

"I do not yet know who I will be meeting, but I will be ready to listen to anyone who has anything genuine and positive to report about Greenwell's," he stressed.

The maximum rate of interest, retail and interest rates for loans under Section 7 of the Industry Act, 1972, were reduced yesterday, by the Department of Industry.

The rate of interest relief grant available in those cases where it would be appropriate to allow an interest free period on a Department of Industry loan—but where companies present a substantial loan—being reduced from 13 per cent. to 12½ per cent. for each interest free year.

The "concessionary" rate of interest on loans for employment creation, which was 10 per cent. reduced from 10 per cent. to 9½ per cent. The "broadly commercial" rate of interest on loans for modernisation projects not providing additional employment (Category B) is reduced from 15 per cent. to 12½ per cent.

COSTLY GALE DAMAGE

A Gale damage of \$90,000 to 360 schools in Norfolk is not covered by insurance. A county council spokesman said yesterday the schools were not insured because premiums were too high to make it an economic proposition.

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Report for year to 30th November, 1975

	1975	1974
Valuation of Investments	£61,890,000	£39,070,000
Net Assets per 25p share	80.5p	42.5p
Gross Revenue	£2,028,000	£2,074,000
Ordinary Dividend	1.00p	1.00p

● Earnings reflect the first full year's impact of our 1974 policy changes. The Dividend is maintained. If earnings in the year to November 1976 meet expectations, the Directors hope to recommend a slightly higher dividend.

● At the end of the Company's year, 63% of the fund was invested overseas, including 42% in North America and 13% in Japan.

● During the year Net Assets per share increased by 88% and there has been a further rise since the year end.

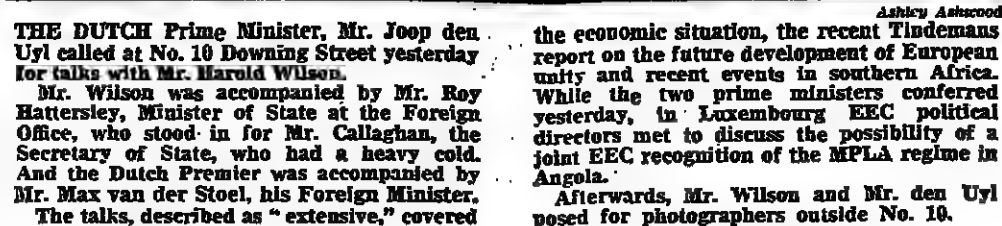
● The A.G.M. will be held on Tuesday, 9th March. Copies of the Annual Report may be obtained from the Secretary.

9 CHARLOTTE SQUARE, EDINBURGH EH2 4DY
member of The Association of Investment Trust Companies

Food Importers and Distributors

<i>Years ended October</i>	<i>1973</i>	<i>1974</i>	<i>1975</i>
	<i>£</i>	<i>£</i>	<i>£m</i>
Group turnover	28.7m	41.3m	51.0m
Group profit	593,994	670,330	781,078
Tax provision	271,801	359,859	451,264
Dividends	80,393	86,015	91,405
Earnings	9.2p	8.9p	9.4p
Net assets	56.3p	63.1p	65.7p

**Copies of the Report and Accounts are available from the Secretary
Colonial House, Tooley Street, London SE1 2PU**



BY OUR INDUSTRIAL STAFF

The Department of Prices and Consumer Protection has confirmed that the knitwear included in the list of textiles duties due to come within the scope of the price controls refers only to certain items produced by the Scottish knitwear industry.

The Government announced last week that knitwear exports were coming under restraint brought protests from the Knitting Industries Department in January indicating that it would not be prepared to agree to hold prices down.

Representatives of the industry's largest group, the Scottish agents most of the Midlands-based knitwear producers, who cater for the mass market, claimed that the industry would need to increase medium and heavy weight prices by 10 to 15 per cent. in the next six months in order to survive. It also warned that price restraint would lead to an increase in the number of people made redundant within the industry.

The Government's decision, which has been reached, it is now being made clear, is only with the Scottish industry who produce knitwear mainly for the export market. The Government will cover only certain items

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

THE SCOTTISH National Party, in its pre-budget proposals to the Chancellor, is demanding an injection of about £500m. into the Scottish economy, equivalent, it calculates to 6.7 per cent., of local expenditure.

It wants the new Scottish Development Agency to have its budget of up to £80m. a year expanded to £300m. a year and to be made responsible for

It also asks for a Scottish loan fund to be created, to make low-interest loans to local authorities, public corporations and

MR. HARRY EWING, Scottish Under-Secretary of State with responsibility for Scottish devolution, is being invited to visit the Shetland Isles for talks about the island council and

Discussing the Government's White Paper and a paper by their chief executive, the committee reaffirmed their policy that they saw no benefit other than devolution involving the independence of Shetland, and that they wished to continue their direct links with Westminster.

A community electricity scheme has been proposed for the Orkney Islands of North Ronaldsay, which has a population of 120.

The North of Scotland Hydro Electric Board have said that such a scheme would be a great benefit to the island, northernmost in the Orkney group, will never be connected to the mains. So the Highland and Islands Development Board is studying out an alternative scheme for North Ronaldsay, which would provide a small local power station and an overhead distribution system.

The HIDB is approaching other bodies for funds, including the SEEC, the Department of Agriculture, and the Hydro Electric Board, in the preparation of an Orkney Islands Regional Council.

THE NORTH of England Development Council yesterday launched a campaign to buy back fishing boats from the inshore fishermen at Redcar. The council said that the 1,500 fishers who are facing a 10 per cent increase in road tax on tractor-trailers used for hauling boats to and from the shore.

The tractors, previously rated as agricultural vehicles at 28 pence a year, have been assessed as commercial vehicles at 32 pence a year as a result of a decision by the Middlebrough magistrates.

The Development Council said that the fishermen already face financial problems because of foreign competition and overfishing of the north-east coast waters. It said that the council will appeal on MFAs to remove the additional burden imposed by the road tax increase.

More than 200 council houses at Galtsburgh, Lincolnshire, need major structural alterations only six years after they were built. The whole 222 houses are the first stage of the Park Spring Estate are thought to be in longer damp proof. Timber panel walls in some of the houses have deteriorated and West Linds council may have to ask the Department of the Environment for permission to rebuild the front and rear walls of every home.

being introduced at the USA base at Mildenhall, Suffolk, because of concern over a £ deposit charged to all U servicemen, which is hitting families who pay their bills.

MR. HUGH JENKINS, Minister for the Arts, yesterday discussed the purchase of the Tate Gallery of the brick works.

The bricks go under the heading of "low sculpture," and were sold to the gallery by the American sculptor Carl Andre. Mr. Jenkins was discussing the deal at his regular Monday briefing with civil servants, but the gallery was still refusing to say how much the 120 bricks cost.

It was in 1972 that gallery officials saw a photograph of the bricks and offered to buy them. But by then the bricks were

available to the British public examples of work which is being made now.

It is certain that some of their purchases will appear incomprehensible or even offensive to some visitors—in the same way that Constable's work was widely attacked in his own day." The Tate's annual grant from the taxpayer is £500,000 and the Arts Ministry is spending the responsibility for spending it rests with the trustees.

Other samples from the Tate's recent purchases include 18 sheets of foolscap paper, each

bearing a new typed article from 1970.

Others are a postage clipping of lipsticks on a magazine advertisement, a pile of five dyed bessler.

Mr. Norman St. John Opposition spokesman said: "Have you seen Sir Norman? I am quite happy to go and his committee judgement. Not even agree on a particular but over the years the Gallery has made a collection of modern

buyer. He bought more bricks, crated them up and sent them to the factory with detailed assembly instructions. The bricks have been on show in the gallery a couple of times, but are now locked away in a storeroom.

Sir Norman Reid, the gallery's director yesterday defended its purchasing policy. "Half of the Tate's job is to form a national collection of modern art. If you play it safe, as was the case before the war, very little comes into the collection until it is 40 or 50 years old," he said.

The Tate's trustees have applied for more continuous policy in trying to discharge their responsibility of making

There are no grounds for the cut in legal aid fees for counsel in the IRA bombing case who raised the question whether clients' interests or whether fingerprints had been planted by the police. Old Bailey taxing officials have now decided.

One of those involved, Mr. John Platts-Mills, Q.C., said yesterday that the fees were now to be paid in full. He said the taxing authority's decision was in line with the view expressed by the House of Appeal (Criminal Division) last December.

The court said that "there was here no question of misconduct on the part of counsel in the sense of deliberate wrongdoing for personal advantage or for any other motive."

The fees reduction last March after the C was then criticised by a judge during "muddledging."

Conservancy grants

The Nature Conservancy has offered £24,200 to cover 41 natural costs to be met by local authorities and bodies.

Among the larger for £3,000 goes to Tisbury, Wiltshire, to create a lake at Coate Water on the outskirts of Swindon.

The table below gives the latest available rates of exchange for the pound against various currencies on February 16, 1976. In some cases rates are not available. These rates are the average of the buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from the market rates of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (O) official rate; (T) tourist rate; (N.A.) non-rate; (N.A.) not available; (A) approval no direct quotation available; (Sg) selling; (Bg) buying rate; (Nom.) nominal exchange certificate rate; (P) base dollar parities and going sterling; (Bk) bankers' rate; (Bs) basic commercial rate; (Cn) convertible financial rate.

Sharp fluctuations have been in the foreign exchange market. Rates shown are not in all cases close to the latest shown.

[illegible]

That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa. Expenses per pound. Tourists visiting Ben Lakin receive a considerable amount of money.

A decimal currency for the dollar, equal to 10 Rhodesian shillings was introduced by the Independent Rhodesia on 1 September 1965. Recent reports suggest a rate of about 1.2832 rh. dollars to £1.

The Quenya has replaced the CFA franc. The exchange was made at a rate of CFA Frs 5 to one unit of the new currency.

General rate: oil and iron exports 3,804%.

(a) The Mongolian tugrik has lately been rep. at an official commercial rate of 0.2531 to the North Vietnamese dong at 0.3500. The official Korean won at 0.2650 roubles. With the exchange rate of 1 rouble = 1000000 dong, the Korean won calculated for the pound: £1=3.89 tugriks. £1=3.87 won.

(b) Information not available for this edition

- Rate to the Transfer market (controlled)
- Rate now based on 2 Barbados \$ to 1 pound
- Rate to the Transfer market (controlled) - 2 Barbados \$ to 1 pound
- Australian dollar remains in circulation.
- How does oil continue to circulate.
- Voluntary devaluation.

USSR

Afghanistan

Iran

Iraq

Saudi Arabia

The Gulf

0 100 Miles

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Tel. (0732) 822477 Telex 95428 Construct Wroth

هكذا صار الأصل

THE CONFLICT IN WESTERN SAHARA

Conflicting claims follow week-end attack on oasis

BY OUR OWN CORRESPONDENT

RABAT, Feb. 16

MOROCCO has said that Algerian guerrillas attacked Hausa, 75 miles north of Agadiza, and wiped out a Moroccan Army unit. This was categorically denied by the Moroccan government, which said there had been no fighting at Hausa, which is a heavily defended fortress.

The conflicting claims followed the publication here yesterday of a message in which King Hassan II challenged Algerian President Houari Boumedienne to either openly declare war or accept an "internationally guaranteed peace."

The King accused President Boumedienne of twice breaking his promise, made last summer, that Algeria would never intervene militarily in the Sahara "whatever our differences over the Sahara problem and whatever the results of the dispute with Spain."

The King called on the Algerian President to "avoid another drama" between the two Arab neighbours, a reference to the 1963 conflict in a disputed border area north of the latest scene of fighting.

Officials said later today that there was no more fighting at present around Agadiza, but that it was not yet clear whether it had been re-occupied by the Moroccan forces who are reported to be moving up reinforcements.

The new outbreak of hostilities came after the authorities here announced they were in complete control of three other oases formerly held by Polisario and Algerian forces at Tifariti, Bir Lahou and Mchabbes, situated east of Agadiza.

It also came after President Boumedienne's surprise visit to Tripoli to confer with Colonel Muammar Khaddafi last week when it was announced that Libya and Algeria had decided on "joint action" in the Sahara.

A Polisario spokesman in Agadiza, however, said that its

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A Polisario spokesman in Agadiza, however, said that its

Odds heavily in favour of Algeria in a full-scale war with Morocco

BY A SPECIAL CORRESPONDENT

IN A FULL scale war between Morocco and Algeria over the Sahara, Moroccan forces would face very serious difficulties. Up to 15,000 Moroccan troops—a fourth of the army—are tied down in the Sahara fighting the Algerian-backed Polisario guerrillas. Moroccan armed forces are in any case considerably inferior to the Algerians in key items of equipment though not in sheer numbers. Algeria has stated, moreover, that its mutual defence pact with Libya at the end of December guarantees the addition of all the Libyans' new combat aircraft to a fight against Morocco.

Algeria has 400 tanks and over 900 artillery pieces, against Morocco's 200 medium tanks (50 of which were sent hastily and secretly by France in late December) and 325 guns. The Algerian Air Force's 138 combat aircraft are in many cases individually superior to Morocco's 50, as well as outnumbering them by three to one (and that is before Libya's 92 Mirage fighters are taken into account). The Algerian navy has virtually total superiority over Morocco.

The Saharan guerrillas (who have proved a hard nut to crack) have made numerous attacks on Moroccan forces in Northern Sahara and in the South of Morocco itself. They have been concentrating in Mauritania as being far the weaker of the two occupying powers among whom Spain allowed the territory to be divided in last November's agreement.

The time of partition agreed by Morocco and Mauritania, though supposedly a diplomatic secret, runs just north of Villa Cisneros (now renamed Dakhla) along the 24th parallel. By the middle of January, Moroccan troops and aircraft were heavily engaged in the southern zone as well—to protect the 3,000-man

Mauritanian army—according to a Mauritanian official in Dakar. Polisario and Algerian Army units are openly operating in the empty north-east quarter of Mauritania, which is their only convenient access route to Southern Sahara.

Rabat has regular forces responded by announcing that it will send its troops into time the Algerians had heavy

battered by the Moroccan Army at Agadiza, 180 miles inside the Moroccan border.

The Moroccans have now closed up almost to the border, and a further direct clash between Algerian and Moroccan regular forces occurred at Oujda at the week-end. This time the Algerians had heavy

Algerian road along the common border, which connects populated Mediterranean Algeria with the Sahara combat zone.

The odds in a wider war favour the Algerians heavily, however. They could more than hold their own in the Tlemcen-Oujda region on the narrow Mediterranean coastal plain, and

SAHARA: THE MILITARY BALANCE

	Armed Forces	Medium Tanks	Artillery	Combat Aircraft	Warships
Algeria	63,000 + 100,000 reservists	400	930	186	26
Libya	32,000	330	150	92	5
Morocco	61,000	195	325	60	—
Mauritania	2,000	—	—	—	—

Mauritania itself if the Mauritanian Government requests. This has further deepened the anxiety felt by many Mauritians at their alliance with Morocco, which has already brought them a common border with a far larger state that, only 20 years ago, was claiming the whole of Mauritania as its own.

In an attempt to achieve their goals in Sahara without becoming involved in war with Algeria, the Moroccan Army in Sahara refrained from occupying a 50-mile deep zone along the Algerian border throughout January. Late in the month, however, an Algerian regular force was caught and badly to cut the single 770-mile

weapons with them and King Hassan has said that there were tens of Moroccan soldiers dead. Mauritania is now only doubtfully loyal to the alliance, in any case its forces would be useless to Morocco if a major clash should ensue. There is also little chance that large scale fighting between regular forces could be confined for long to the Sahara.

Moroccan communications with Sahara are markedly better than Algeria's, which provides an incentive for Algeria to escalate elsewhere. On the other hand, it would be hard for Morocco to resist the temptation greatly displease Algeria.

Further south they could probably make deep incursions into Morocco. It is only 100 miles from Algeria to the sea across the narrow southern region of Morocco, for example, and an Algerian drive that cut the coast road there would effectively isolate all Moroccan forces in the Sahara.

The Algerians would be satisfied if they could just force Morocco to evacuate Sahara, in all probability. In the process, however, the Moroccan armed forces could suffer a severe beating. In that event, even King Hassan's throne might not remain secure—which is a development that would not greatly please Algeria.

LEGAL NOTICES

No. 0005 of 1976
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court. In the Matter of FIVE COINS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 11th day of February 1976, presented to the said Court by THE BELMID PACKING AND RUBBER COMPANY LIMITED whose registered office is situated at Moor House, London W14, and that the said Petition is directed to the Royal Courts of Justice, Strand, London, W.C.2A, on the 11th day of March 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

PICKERING KENYON,
25 Abchurch Lane,
London EC4N 3DF.
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the undersigned notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served, or, if posted, must be sent by post, in sufficient time to reach the above-mentioned time not later than four o'clock in the afternoon of the 27th day of February 1976.

No. 0006 of 1976
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court. In the Matter of SPICKLEY BUILDING SERVICES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 11th day of February 1976, presented to the said Court by DUNFORD FIRE ENGINEERING LIMITED whose registered office is situated at Dunford House, 115 Road, Newcastle upon Tyne, and that the said Petition is directed to the Royal Courts of Justice, Strand, London, W.C.2A, on the 11th day of March 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

HERBERT OPPENHEIMER,
NATHAN & VANDY,
25 Abchurch Lane,
London EC4N 3DF.
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the undersigned notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served, or, if posted, must be sent by post, in sufficient time to reach the above-mentioned time not later than four o'clock in the afternoon of the 27th day of February 1976.

No. 0007 of 1976
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court. In the Matter of KENNETH DUFFALL and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 11th day of February 1976, presented to the said Court by ESTEE LAUDER COSMETICS LIMITED whose registered office is situated at 117, Old Street, London EC1A 3HS, and that the said Petition is directed to the Royal Courts of Justice, Strand, London, W.C.2A, on the 11th day of March 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

UNDERWOOD & CO.,
25 Abchurch Lane,
London EC4N 3DF.
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the undersigned notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served, or, if posted, must be sent by post, in sufficient time to reach the above-mentioned time not later than four o'clock in the afternoon of the 27th day of February 1976.

No. 0008 of 1976
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court. In the Matter of TOURIST EXPORT SERVICES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 11th day of February 1976, presented to the said Court by AVIS RENT A CAR LIMITED whose registered office is situated at Trident House, Station Road, Hayes, Middlesex, and that the said Petition is directed to the Royal Courts of Justice, Strand, London, W.C.2A, on the 11th day of March 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

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No. 0009 of 1976
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court. In the Matter of TOURIST EXPORT SERVICES LIMITED and in the Matter of The Companies Act, 1948.

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Solicitors for the Petitioner.

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No. 0010 of 1976
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court. In the Matter of TOURIST EXPORT SERVICES LIMITED and in the Matter of The Companies Act, 1948.

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No. 0011 of 1976
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NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 11th day of February 1976, presented to the said Court by AVIS RENT A CAR LIMITED whose registered office is situated at Trident House, Station Road, Hayes, Middlesex, and that the said Petition is directed to the Royal Courts of Justice, Strand, London, W.C.2A, on the 11th day of March 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

UNDERWOOD & CO.,
25 Abchurch Lane,
London EC4N 3DF.
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the undersigned notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served, or, if posted, must be sent by post, in sufficient time to reach the above-mentioned time not later than four o'clock in the afternoon of the 27th day of February 1976.

No. 0012 of 1976
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court. In the Matter of TOURIST EXPORT SERVICES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 11th day of February 1976, presented to the said Court by AVIS RENT A CAR LIMITED whose registered office is situated at Trident House, Station Road, Hayes, Middlesex, and that the said Petition is directed to the Royal Courts of Justice, Strand, London, W.C.2A, on the 11th day of March 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

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No. 0013 of 1976
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court. In the Matter of TOURIST EXPORT SERVICES LIMITED and in the Matter of The Companies Act, 1948.

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No. 0014 of 1976
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court. In the Matter of TOURIST EXPORT SERVICES LIMITED and in the Matter of The Companies Act, 1948.

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No. 0015 of 1976
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court. In the Matter of TOURIST EXPORT SERVICES LIMITED and in the Matter of The Companies Act, 1948.

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No. 0016 of 1976
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court. In the Matter of TOURIST EXPORT SERVICES LIMITED and in the Matter of The Companies Act, 1948.

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HYPERMARKETS

FT survey scheduled for publication on February 24 1976

Contents and publication date of this survey are subject to complete editorial discretion

One of industry's apparently most intractable problems lies in the fight to secure employee acceptance of technological change. But one major employer not only adopts advanced techniques as a matter of course but uses them as a selling point in recruitment campaigns. David Fishlock pinpoints the lessons private and public enterprises might be able to learn from the Armed Forces

Victory tactics in the battle to harmonise man and machine

HISTORY, ACCORDING to the official version of weapon design and development during the Second World War, "reveals that military equipment becomes progressively more complicated; that each war sees a more determined effort to obtain victory by machinery; and that the lethal power at the disposal of a given number of soldiers grows greater as time goes on."

All of which—to judge from the enthusiasm with which the Armed Forces, in their "Join the professionals" publicity campaign, are promoting the virtues of new technology—must be thought good for morale as well as recruiting. But can anyone imagine any other sector of the U.K. economy—public or private—trying to capitalise in its recruitment on the excitement and glamour of any new technology it may be thinking of buying?

Unedifying

A brief look at the unedifying record of the public sector (where, to be fair, managements have not been slow in trying to introduce new technology) suggests a very different conclusion. The postal workers held up Post Office plans to sort mail by automation for three years. Similarly, the locomotion long delayed trials of British Rail's experimental advanced passenger train, arguably the most ambi-

tious "conventional" train in the world, with the result that it will be the end of the decade before the first passengers will travel in it.

In the mid-1960s the miners refused for many months to work Beveridge's National Coal Board's first automated pit. At Llanwern last year the blast-furnace men balked at a new blast furnace which, while still based on ideas that date back in British ironmaking for 140 years, was bigger than anything British Steel had tried before.

Postmen

Aircrews have used big jumps in both size (with the big jets) and speed (with Concorde) to press their case successfully with U.K. airlines for more cash commensurate with the "additional responsibility."

With the postmen, however, it took three years to persuade the union that not only was there no pot of gold for the P.O. itself in postal automation but that, without it, there might not even be a postal service worth having.

Private industry has been less conspicuous, perhaps, in its failures to introduce new technology smoothly, but the much-publicised reluctance to reinvest tells its own dismal story. Whatever happened to all the plans of the late 1960s for computer-controlled machine shops

and assembly lines? How many companies use the opportunity of working at computer terminals, with the most advanced machine tools, alongside robots that perform the more mindless, unpleasant or dangerous tasks, as an inducement to potential recruits?

Licensing

Managements seem more likely to sympathise with the opinions of Powdrex, a small U.K. company recently reported to have abandoned ideas for putting a new manufacturing route into production itself, choosing instead to license the process to others. The nub of the process was that it required only half the workforce of the process it would supplant, and the company had no stomach for the fight it foresaw with the unions.

This raises the question of whether companies—public and private—might draw from the experience of the Armed Forces in trying to sell new technology to their workforces. The Ministry of Defence offers four basic reasons why the serviceman is enthusiastic about technical advance.

First, say officials, it is simply a question of survival—if the other fellow fights with better equipment he is more likely to win. This is enough to make

the serviceman critical of any time that "smacks of obsolescence." Second, the Armed Forces are proud of their highly developed system of personnel management, in which every man knows precisely to whom he is responsible and for whom he is responsible. Their highly structured management system ensures that someone is responsible for every aspect of the welfare of every man. This creates a climate that keeps morale high throughout the frustrations of technical change.

Career

The third factor is that every one (almost) in the Armed Forces has a career structure and complete job security. Advancement depends little on adventitious circumstances such as whom the soldier gets on with, or whether he catches the boss's eye. Above all, new technology—such as FACE, a system of mobile computers, which allows one man in a gun team to do the work of four—never jeopardises job security.

The fourth and final factor the Ministry offers is discipline—while adding quickly that this can be overstated because in practice it is kept firmly in the background. To quote one retired admiral, it is seen nowadays as a "backcloth composed largely of self-discipline."

voluntarily accepted by peacetime servicemen.

Trust

The post-war ex-officers' ubiquitous claim to be "good at handling men," which industry derided because it lacked the back-up of Queen's Regulations, no longer applies, the Ministry claims. The present system works because the Armed Forces have fostered a high degree of trust between officers and men.

Yet even the favourable climate engendered by these four factors would not be enough of itself to ensure ready acceptance of new technology, with all the demands this can make on people. The Armed Forces have also finely honed their procedures for introducing technical change.

For one thing, they attach great importance to the training (and retraining) of servicemen of all ranks. Almost one-tenth of the defence budget—£417m. in the current year—is allocated to training, a never-ending process for today's serviceman.

For another, they attach great importance to man-machine relations. Since the Second World War, which produced a sharp increase in the complexity of weapon systems and attendant risks to the efficiency with which they were used, the Armed Forces have shown a

considerable concern for the harmony of man-machine relations, which is paralleled only in a few isolated situations in the commercial world.

For example, at one level the services have to concern themselves intimately with what the individual soldier can be expected to carry in battle. Equip him generously with electronic aids, however ingenious, and you may load him down with spare batteries at the expense of ammunition.

The hofins once dreamed up a radar "torch" small enough to be held in one hand, and sensitive enough to distinguish a man from a woman when walking (by the different echo emanating from a woman's hips as she wiggles). It never became operational equipment. Trials showed that one of the first things a soldier thought of abandoning, when obliged to move in a hurry was his expensive and cumbersome torch.

Weapons

These days it takes about seven to ten years to develop a new weapon system from concept to operational service. It will be three or four years from the point when serving chiefs approve an outline design to the time when equipment is flowing from the factories. This is a period the services use to

explore the idiosyncrasies of "flying testbeds," new technology in painstaking proving trials, which they take very seriously indeed. Wartime attempts to shorten the development process led to a reliability crisis in the early 1940s in which, for example, armoured fighting vehicles behaved quite differently in action from the way the factories had predicted. The warning is there for those industries tempted to try to introduce new technology in too much of a hurry.

In introducing a new equipment or weapons system, the services believe in proceeding in small steps that give the user every opportunity to reject it as "ergonomically useless" because he cannot live with the system. This way, defence officials assert, it is most unlikely that anyone would get to the stage of manufacturing a weapons system servicemen would eventually reject.

Again during the Second World War, hofins began being sent into the front line to see how their inventions were performing. Top radar scientists flew in bombing sorties over Germany. They could see and hear how the man-machine relationship was surviving; not only under ideal conditions but under the stress of battle. Lack of machine relations, practice trails far experience of the AI.

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HOME CONTRACTS

John Laing Construction win £1.57m. regional work

JOHN LAING CONSTRUCTION, CORRAIL CONSTRUCTION, part of the Powell Duffryn Group, has been awarded a contract by the Royal Borough of Kingston-upon-Thames for the modernisation of 40 houses at Tolworth. The £230,000 contract involves the modernisation of kitchens and bathrooms, the installation of central heating, partial redecoration and re-roofing.

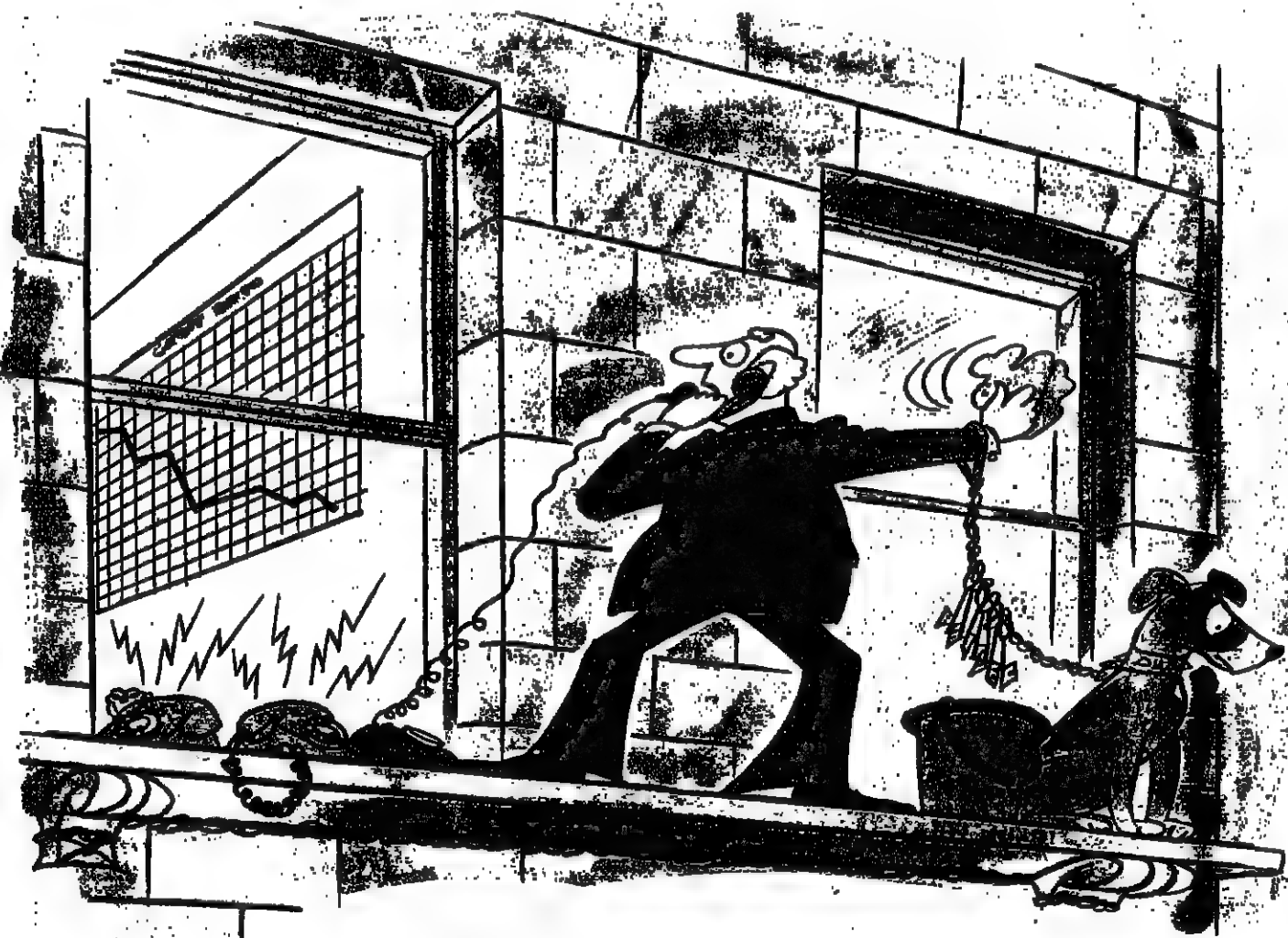
JOHN LAING CONSTRUCTION, NORTH WEST REGION, has been awarded a £725,000 contract by the Department of the Environment's property services agency to build 80 houses at Ulms, Walton near Preston. They will be occupied by prison officers and their families when the nearby Wymott prison, at present under construction, becomes operational. Work also includes the construction of 42 garages and external works.

G. W. DEELEY, Coventry, has been awarded a contract worth more than £800,000 by Nuneaton Borough Council to build 55 houses and 48 flats at Stockingford.

LAURENCE SCOTT TROMOTORS, Northampton, has been awarded a £115,000 contract by the main pump at the Haweswater puz from Mather and Piling division.

CSC, Newport Pagnel, has been awarded a £10 million contract by the National Bank Group to construct a series of mobile capability to use such as services on-site exhibitions venues where tempo is a requirement. It is based on a four-wheel trailer some 11 metres long wide.

DUST CONTROL EQUIPMENT, part of the Thomas Tilling Group, has won orders totalling £128,000 from the British Sugar Corporation to supply Dalmatic reverse jet fabric filters and Multiswift



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STATEMENT OF CONDITION
as of December 31, 1975

RESOURCES:	
Investment securities	\$ 265.51
Loans net of unearned discount and valuation reserve	674.68
Trading account securities	7.86
Interest bearing deposits	89.80
Federal funds sold	38.00
Direct lease financing	53.46
Cash and due from banks	210.96
Bank premises	12.44
Other assets	25.14
Totals	\$1,378.48
LIABILITIES:	
Demand deposits	\$ 521.89
Time deposits	614.01
Total deposits	1,135.90
Short term borrowings	124.34
Other liabilities	26.59
4.70% Capital note due December 1, 1976, 1989	14.15
Total liabilities	1,301.08
EQUITY CAPITAL:	
Capital stock	12.42
Surplus	41.00
Undivided profits	24.051
Total equity capital	77.47
Totals	\$1,378.48

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APPOINTMENTS

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Engineering FINANCIAL DIRECTOR £10,000 +

A sound and profitable UK industrial group has acquired a consumer and leisure goods company in the Midlands and must now appoint a Managing Director to revitalise it. Its products are branded and sold directly to independent retailers, multiples and chain stores. There are many problems to be tackled. The £10m turnover is unprofitable; the organisation is weak and the marketing and sales efforts are passive. However, a positive Managing Director could harness the skills within the business and create an expanding viable enterprise. Candidates for this post should be profit motivated, market orientated, chief executives with experience of successfully leading an integrated manufacturing company or profit centred division; experience in the toy, fancy goods or sports equipment markets will be an advantage. They will be of the calibre to take a senior group appointment within a few years.

A Midlands based light engineering company (turnover £25m), manufacturing and assembling high volume components and consumer durables, wishes to appoint a Financial Director to be responsible to the Managing Director for the full range of financial, secretarial and accounting functions. Particular emphasis will be placed on the service of financial assessment and commercial guidance he or she will give to the MD, the Board and senior management, and on the continuing development of such services to all areas of management. The ideal candidates will be qualified and will have had many years experience in progressively more responsible positions in manufacturing companies. They must be familiar with EDP and a short spell in consultancy might be an advantage. Essentially they must be profit earners and stimulants and must have the ability to develop and present cogently a strategic view of the company's performance and objectives.

Candidates are invited to write to John Peace, Calver, Sheffield, S80 1TE (tel: Grindleford 30639) giving full details of experience, qualifications, age and salary progression; no application form will be issued. No information will be disclosed without the candidate's consent.

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The Housing Corporation

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Candidates will probably be aged 38-45 and will have proven ability in the management of a modern and creative marketing and sales organisation previously, but not necessarily, in a financial field.

Salary will be negotiable around £12,000 with attractive benefits which include a car, a contributory pension and generous assistance with housing. The Head Office is in a very attractive location in the South East. Replies, giving full details of qualifications and experience, will be forwarded to the management consultancy advising on the appointment and complete confidentiality will be observed.

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COMPANY

NOTICES

BARCLAYS BANK LIMITED

NOTICE IS HEREBY GIVEN that the REGISTER OF HOLDERS OF Ordinary Stock of the Company will be closed from 29th March 1976 to 30th April 1976, both dates inclusive. D. H. Johnson, Secretary

56 Lombard Street, EC3M 7JN, London EC3 5JN. 17th February 1976

ESSE PETROLEUM COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER OF SHARES IN THE ESSE PETROLEUM COMPANY LIMITED, 1974/75, will be CLOSED from 1st to 14th March 1976 both dates inclusive. E. S. Kirk, Secretary

Victoria Street, London SW1 1 12 February 1976

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Dr. Gordon Hobday joins Board of Metal E

Dr. Gordon I. Hobday has been appointed to the Board of METAL BOX as a non-executive director from March 1. Dr. Hobday is chairman and chief executive of the Boots Company.

Mr. William Kumble has been appointed chairman of SEAHAM HARBOUR DOCK COMPANY in succession to Mr. David Jameson, who has resigned from the Board.

Mr. E. Brian Hibben has been appointed director of Finance and elected to the Board of AVELING BARFORD, part of the Leyland Special Products Group. Mr. Milliken has been secretary at Aveling-Barford's Grantham (Lincs) headquarters since 1970 and will continue to hold this post.

Mr. J. A. Dunn has been appointed a director of Fenchurch Group Brokers International and Mr. A. J. Robinson a director of Fenchurch Life and Pensions Consultants. Mr. L. E. Leishman and Mr. C. W. White have both been appointed to the Board of Fenchurch Construction Insurance Brokers. All three companies are subsidiaries of FENCHURCH INSURANCE HOLDINGS.

Mr. Tony Harrison has been named as the new chief executive of GREATER MANCHESTER METROPOLITAN COUNCIL. He will succeed Sir George Ogden, founder chief executive of the Council, who is to retire in June. Mr. Harrison is currently director-general of Greater Manchester Transport.

Mr. M. H. Davenport has been appointed comptroller of WILLIAMS & GLYNS BANK in succession to Mr. J. J. Wolfe, who has retired.

Mr. S. E. Taylor, a director of the HODGE GROUP, has been made chief financial executive of the Group. Mr. A. C. Webb has been appointed group financial controller. Mr. W. C. Harding has been appointed managing director of Hodge Finance and in addition becomes managing director of the instalment credit division of the Hodge Group.

Mr. I. A. J. Anderson, who is the partnership's director of management services, has been appointed a director of JOHN LEWIS AND CO. Mr. J. Brettingham Smith has retired as director of buying, hard furnishings.

Mr. G. A. Early has been appointed general manager, investment division, COMMERCIAL UNION ASSURANCE COMPANY.

Three new appointments have been made to the NOISE ADVISORY COUNCIL. The new members are: Mr. Ian M. Campbell, executive director, systems and operations, British Railways Board; Mr. Glyn Lloyd, executive Council member, Union of Construction, Allied Trades and Technicians; and Mr. Anthony Tucker, science correspondent, the Guardian.

Sir Brian Flowers has been appointed chairman of the DUCKS. Mr. McBain, who joined

ROYAL COMMISSION ON ENVIRONMENTAL POLLUTION office on February 19 until August 31. The Commission is starting to prepare the Report of its current study into radiological safety, in which Sir Brian has taken a particular interest. He has therefore agreed to continue as chairman until this report is completed.

Mr. R. M. Ridley has been appointed president of AMOCO NORWAY OIL COMPANY. Mr. Ridley, Canadian, joined Standard Oil and Gas, the predecessor to Amoco Canada Petroleum Company in 1954. Prior to his latest appointment Mr. Ridley was manager of the land department of Amoco Production Company in Chicago.

Mr. John C. Cook and Mr. Colin A. Kerr will become joint senior partners of EDWARD ERDMAN AND COMPANY following the retirement on February 18 of Mr. Edward J. Springer, a past president of the former Incorporated Society of Auctioneers and Landlord Property Agents who will join the three founder members of the firm as a consultant.

Mr. A. H. Barnett, secretary of SAMUEL HEATH AND SONS, has been appointed to the Board.

Mr. J. M. Howell and Mr. N. K. Rice have joined the Board of HOWSON F. DEVITT AND SONS, part of the Devitt Langton and Dawney Day Group.

Mr. R. W. E. Morton is joining HARRIS AND DIXON as director of personnel. This will release Mr. M. W. Pagnell to become director of development.

Mr. Peter Kirwan-Taylor has been appointed president of MAXWELL, CUMMINGS AND SONS HOLDINGS, of Montreal. Mr. Kirwan-Taylor was a director of Hill Samuel and Co. from 1965-1972, and has been a director of Triax Corporation since 1963, and of its parent, English Property Corporation since 1972. Although he will be relinquishing his directorships of English Property Corporation and of Triax, he will be continuing in a consultative capacity to English Property Corporation.

Mr. B. Bultman has been appointed managing director of ATLANTIC CONTAINER LINE SERVICES and will join the company in Southampton on August 16. ACLS is a subsidiary of ACL, an international transportation company formed by six European shipping lines. Mr. Bultman is taking over from Mr. Arne Koch, who will join Tor Line. Mr. Bultman is a versatile financial and administrative executive. He was president, administrative division for International Transport BV, the Dutch shareholder in ACL.

Mr. Simon Wilcox has been appointed divisional financial controller for UBM GLASS at Birmingham. Mr. Wilcox was previously with ERP.

Mr. David McElin has been appointed technical director and re-joined the Board of ELGA PRO-ducts. Mr. McBain, who joined

Miss Andree Green (Warden) is to re-join the Board of Elizabeth Ward, which she has been managing for the past two years. She will take up her post as president of the national U.K. operation, and president of the U.K. in the U.S.

Mr. F. J. Barrett appointed managing director of WETTEREN BRO? Burroughs joined in 1958 and was appointed in 1959.

Mr. Lindsay A. P. of Eurospain, appointed to the parent organisation PATTERSON ASSOC.

Mr. J. S. Ellis elected to the Board (NORFOLK BROAD).

Mr. G. E. McDermott become chairman of CO. from his previous managing director. He has been a deputy chairman of the company since 1950, and was previously director with McCosmiche. Mr. McDermott has been appointed to commercial director position, the commercial director of the company.

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JARDINE MATHESON INTERNATIONAL JARDINE, MATHESON & CO., LIMITED

Notice of meeting of the holders of 7 1/2% Guaranteed Debentures Due 1986 of Jardine Matheson International N.V. to be held on 11th March, 1976 in Brussels, Belgium.

To the holders of 7 1/2% Guaranteed Debentures Due 1986 of Jardine Matheson International N.V.

NOTICE IS HEREBY GIVEN that a meeting of the holders of the outstanding U.S. \$1.75 per cent. Guaranteed Debentures Due 1986 of Jardine Matheson International N.V. (the "Company"), which Debentures are constituted by a Trust Deed dated 15th November, 1971 (the "Deed") and made among the Company (1), Jardine, Matheson & Co., Limited (the "Guarantor") and Jardine & Shanghai Bank (Trustee) Limited (the "Trustee") (2), (as amended by the Supplemental Trust Deed dated 31st December, 1974 made among the same parties) will be held on 11th March, 1976 at 12 noon (Central European Time), at the offices of Morgan Guaranty Company of New York, Avenue des Arts 35, Brussels, Belgium, for the purpose of considering and, if thought fit, passing an Extraordinary Resolution, which is proposed by the Company Guarantor, to authorise and empower the Trustee to incur and execute a Second Supplemental Trust Deed which would (inter alia) amend certain provisions of Clause 7 of the Trust Deed and Condition 7 of the First Schedule to the Trust Deed and would delete Condition 6 of the First Schedule. Under the proposals (inter alia) the Company will agree to purchase at par plus accrued up to the date of payment (but with a deduction equal to the amount of any interest coupons not attached to Debentures) any Debentures (or Warrants) tendered to the date of the passing of the Extraordinary Resolution up to and including 15th December 1975. The "negative pledge" will be removed and if the amount of Debentures outstanding is re U.S. \$500,000 or less or before 1978 the Company will have the right to redeem the outstanding Debentures at par. The outstanding Warrants will not be affected by the above and may be exercised in accordance with their terms at any time up to and including 15th December, 1978.

The proposed Extraordinary Resolution is as follows:— THAT this Meeting hereby assents to the modifications to the Trust Deed dated 15th November, 1971 and made among Jardine Matheson International N.V., Jardine, Matheson & Co., Limited and Jardine & Shanghai Bank (Trustee) Limited as amended by the Supplemental Trust Deed dated 31st December, 1974 and made among the same parties contained in the draft Second Supplemental Trust Deed laid before the Meeting and is the purpose of identification by the Chairman hereof and that the Trustee be and is authorised and directed to enter into a Second Supplemental Trust Deed embodying the above modifications.

To attend the meeting holders must either produce their Debentures or voting certificates. Such certificates will state that on the date of deposit Debentures of a specified amount and bearing specified serial numbers were deposited in an account which will be until the earliest of (a) the expiry of sixty days thereafter, (b) the conclusion of the above or any adjournment thereof and (c) the surrender of such certificates to the Paying Agent. Debentures may be deposited with the Paying Agents at the following address:

Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, Avenue des Arts 35, Brussels, Bockenheimer Landstrasse 8, Frankfurt am Main, 33, Lombard Street, London, 14 Place Vendôme, Paris, Stockenstrasse 38, Zurich.

Arrangements have been made to enable Debentureholders who are unable to attend in person to be represented at the meeting. Details of such arrangements are available from the Paying Agents.

The Debentureholders' meeting requires a quorum of persons holding Debentures or certificates being or representing in the aggregate more than 50 per cent. of the principal of the Debentures for the time being outstanding. Should the requisite quorum not be present at the meeting, the meeting will be adjourned to 12 noon (Central European Time) on 9th March 1976 at the same place. At such adjourned meeting two persons holding Debentures or certificates (whichever the principal amount of the Debentures held or represented by such certificates) will form a quorum.

Copies of a letter to Debentureholders explaining the proposed amendments to the Deed are available for collection, and a copy of the Trust Deed and of the First Supplemental Trust Deed and a proof (subject to modification) of the proposed Second Supplemental Trust Deed may be inspected, at each of the above-mentioned addresses of the Paying Agents an office of the Trustee at 9, Gracechurch Street, London EC3V 0DU.

JARDINE MATHESON INTERNATIONAL N.V., JARDINE, MATHESON & CO., LIMITED, Handelsteat 24, Willemstad, Curacao, Netherlands Antilles.

NOTICE is hereby given that for the convenience of Debentureholders and with effect from 20th March, 1976, Jardine Fleming & Company, Limited of 46th Floor, Connaught Road Central, Hong Kong, is appointed an additional Paying Agent for all payments of the Debentures.

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ENNIS BY JOHN BARRETT

Torquay test for merging stars

BP Cup which began yesterday in the two wooden covered stands of the Palace Hotel, Torquay, is one of the most important in the world of youth football. The Cup, now in its fourth year, involves eight teams and women's teams are off-neglected under-21 group. They play three days and robin matches, the men in two groups of four and the women in two groups of three, to an order of merit.

Thursday the winners of group meet the runners-up in a semi-final and on Friday and Saturday winners contest the two

Britain's hopes

In the Yellow group the French boys have Herve Gavain of the team which reached the final last year, plus two promising youngsters in Christophe Casa and Christophe Roger-Vasselin who, given his dual nationality, could equally well be playing for Britain. The other teams in their group are Czechoslovakia, Spain and Britain for whom Martin Robinson, ranked sixth nationally, and Jonathan Smith, ranked 14th, will shoulder the main responsibility.

A unique feature of this year's competition is the experiment by which the players themselves will make the line decisions with the umpire as an arbitrator in case of appeal from either player but otherwise in full control of the match in interpreting the rules of the game.



Mrs. Shirley Williams, Secretary for Prices and Consumer Protection, stresses a point during her speech to the International Federation of Business and Professional Women when she opened its conference in London yesterday. She was using what she called "a technical rolling pin" in her right hand, in fact a receiver for obtaining instant translation of speeches in a selected foreign language.

Actuary blames Press handling of life companies' difficulties

BY ERIC SHORT

NEWSPAPERS and other media were criticised by Mr. Clifford Hyams, a leading consultant actuary, for their handling of their coverage of those life companies which are experiencing financial difficulties.

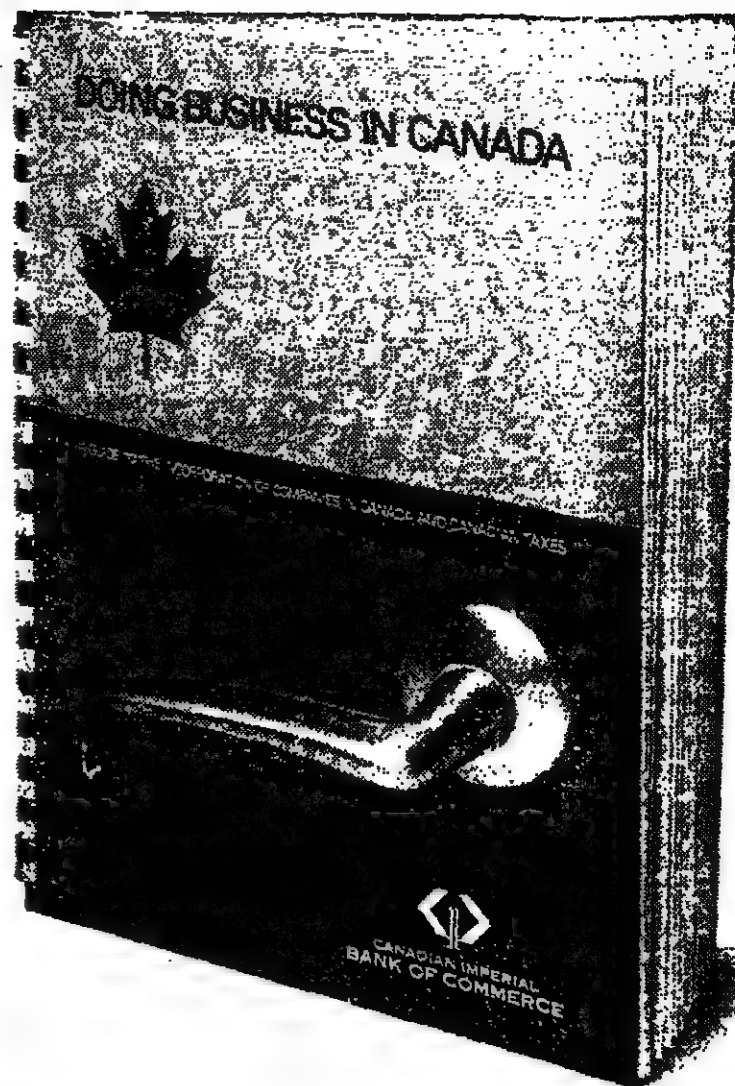
He told the Faculty of Actuaries in Edinburgh that while a number of people had suffered financial hardship as a result of these troubles, he would have been happier had the media also discussed the other side of the issue—to make clear that 99.9 per cent. of life company funds were completely safe.

Mr. Hyams especially laid some of the blame for the life companies' difficulties on the Press. It had encouraged the formation of new companies and their incredibly attractive contracts by heavily attacking the established life companies and their method of operation as not giving value for money. The terms offered by

some of the new companies could not possibly have been fulfilled, he said, except under exceptionally favourable financial circumstances.

The "natural greed" of the public caused the initial success of these life companies which resulted in some of them over-extending themselves. People, he pointed out, just would not realise that the better the apparent bargain, the greater the chance of a snag in the contract.

He believed that it was wrong to sell life insurance other than as protection, but if the savings aspect was emphasised then it should not be implied that the actuary's qualification and experience in deciding whether he was a fit and proper person for the position. But this would be of no help to policyholders if he did not have the strength of character to stand up for his principles.



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ARMING AND RAW MATERIALS

ry weather
reat to
S. wheat

CHICAGO, Feb. 16. AND mostly dry weather and over much of the winter wheat region of the South-West yesterday, little relief in sight from occasional thunder.

The U.S. National Weather Service reported today that temperatures yesterday ranged from 70 degrees F and an occasional thunderstorm, only two-tenths of an inch of rain overnight at Kansas.

azil coffee
port prices
be raised

Edward Mooney

An attempt to improve the price of coffee in the U.K. over the next five years despite the EEC surplus in milk and dairy products. Dr. Keith Dexter, director general of the Ministry of Agriculture's Agricultural Development Advisory Service, said yesterday.

Dutch may 'freeze' potato exports to Britain

BY MICHAEL VAN OS

THE DUTCH Potato Board decided after an emergency meeting today to "regulate" potato exports to Common Market countries, having announced last week it was banning sales to countries outside the EEC.

The main reason for the move, which will be arranged through a system of export licences from mid-March to night, has been the "exceedingly high" demand from U.K. importers, which has threatened to upset Dutch potato supplies to its traditional Common Market customers, notably Germany, Italy and Denmark.

The soaring prices on the domestic market as a result of increasing quantities going for export, despite the availability of ample quantities of potatoes in Holland, had provided a sticky problem for the Dutch Government.

There was still some uncertainty today, what exact effect the move would have on Dutch exports to the U.K. But it is believed that exports will be "frozen" to the level of sales in the past six months.

The Potato Board chairman stated in The Hague this evening:

"The U.K. has practically bought no potatoes at all in the past 10 years. Now, faced with big structural deficit of potatoes, they have come on the market offering almost any price."

He added that the heavy British purchases had been to the detriment of the domestic supplies and supplies to Holland's traditional Common Market customers.

Asked whether the restrictive move with regard to the U.K. would conflict with the EEC regulations on a free flow of trade, the Dutch Potato Board chairman said: "As regards Britain, there is still a transitional period in effect, and we think that it is still feasible to introduce certain restrictive measures."

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AMSTERDAM, Feb. 16.

As reported last week, U.K. imports of Dutch potatoes, which had amounted to practically zero in the past, reached as much as 193,000 tons in the period from August 1, 1975, to February 1, 1976.

The other large importer was West Germany, which took about 168,000 tons in the period. It was understood that another Potato Board official this afternoon that with regard to British exports, the aim would be to help the most recent customers with volumes up to the levels of the past six months, without taking on any new clients.

Meanwhile, it is also reported that the five largest potato trading companies, which are all almost exclusively engaged in exporting, have started receiving regular shipments from Egypt. The first load of 1,000 tons has just arrived today.

Mr. J. C. Kalk, the Agricultural Commissioner, said in Deft yesterday.

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Cash copper wirebars
top £600

By John Edwards, Commodities Editor

CONCERN about the impact of African political developments on future supplies of copper, and news of a reorganisation of the Chilean State Mining Company, Codelco, brought a further advance in copper prices on the London Metal Exchange yesterday.

Cash prices gained 55 to 580.75 a tonne, topping 5800 the close for the first time since last August. In fact values moved even higher in pre-market morning trading but quickly eased in the first ring session.

A further rise of 4,650 tonnes in copper stocks held in LME warehouses, raising the total to 525,725 tonnes, was virtually ignored in the general concern about the African situation. Shipments from Zambia and Zaire have been reduced to a low level as a result of the hostilities in Angola, and there is now worry about whether South Africa will be affected.

Meanwhile, it was reported that an internal reorganisation of Codelco in Chile had been approved last week. Although it is claimed this will have little impact on the day-to-day running of the concern, sources yesterday were concerned by its implications.

Other base metal markets were also firm. Stock changes, however, were much in line with expectations.

Tin stocks fell by 60 tonnes to 7,170 tonnes; zinc by 4,325 to 45,200 tonnes, while lead rose by 760 to 88,625 tonnes. Lead prices were also firm, rising by 4,325 to 15,560,000 ounces.

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SRI LANKA TEA

U.K. buyers facing supply hiatus

BY A SPECIAL CORRESPONDENT

THE SALE at the London auctions recently of the first shipment of Ceylon tea since Sri Lanka's tea estates were nationalised did little to allay British packers' fears over the difficulties in obtaining sufficient supplies for their blends in the weeks to come.

The consignments of some 2,000 chests (200,000 lb) sold was one of a token number to have left Sri Lanka since last autumn, when a Bill nationalising 280,000 acres of tea estates was formally passed. Shipping programmes went away following the elimination of the agency houses' role in the tea pipeline that went with the take-over of the estates, and it is anticipated that there will be little, if any, Ceylon tea for sale at the London auctions in March and April this year.

The Sri Lanka Government is said to be doing all it can to normalise shipments from the country. It is expected that between six and eight weeks later, but in the meanwhile, buyers face (hopefully, only temporarily) a supply hiatus.

Other base metal markets were also firm. Stock changes, however, were much in line with expectations.

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more than 13.5m. lbs in the course of the month. In any case, the current easing in prices is likely to be short-lived.

Returning to Ceylon's falling share in U.K. tea imports, however, the Sri Lanka government made it clear last November that it intended to maintain shipments to the London auctions at 50m. lbs (roughly the 1974 figure) and, if possible, to increase shipment levels above that target.

What is the likelihood of this actually happening?

Possibly the most important relevant factor has been the increasing competitiveness of African teas that has accompanied the decline in the quality of Ceylon tea. Speaking at the U.S. Tea Association's annual convention late last year, Mr. Joseph Wertheim, president of the Association, pulled no punches when he complained about the "very sharp deterioration" in the average quality of Sri Lanka's tea. "Much of the increase in production this year has been made up of comparatively plain teas," he said.

This decline in standards has largely resulted from a less rigid adherence to the two leaves and a bud only principle of tea plucking, in Sri Lanka, the departure from this principle, having considerably boosted export volumes, has, in the past, been a source of considerable concern to U.K. packers. But so far as U.K. packers are concerned, these less stringent plucking standards have meant that African tea substitutes perfectly adequately for Ceylon teas in their blends. Besides, they tend to be cheaper and, given the shorter distances involved, more readily available.

This situation invites speculation to the effect that if Sri Lanka is to regain its hold on the U.K. market, it will have to fight a battle on the quality of its tea. Whether the Government in Colombo will consider a battle fought on those grounds worthwhile is, of course, another matter.

Asked whether the restrictive move with regard to the U.K. would conflict with the EEC regulations on a free flow of trade, the Dutch Potato Board chairman said: "As regards Britain, there is still a transitional period in effect, and we think that it is still feasible to introduce certain restrictive measures."

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Scope for extra milk output

BY PETER BULLEN

THERE IS scope for increased milk production in the U.K. over the next five years despite the EEC surplus in milk and dairy products. Dr. Keith Dexter, director general of the Ministry of Agriculture's Agricultural Development Advisory Service, said yesterday.

Admittedly, the EEC was self-sufficient in milk production and some restraint in common price increases was to be expected, he told a West of Scotland Agricultural Conference in Glasgow.

Further measures to solve the surpluses in milk and dairy products also had to be expected.

"But this is a Community problem which will have to be solved by joint Community action. It cannot be resolved by holding back the efficient U.K. dairy industry with its relatively high yields and an average herd size well above that in other member States."

Because there were three remaining transitional steps to the full EEC price levels by the end of next year, they could look forward to improvements in their Community producers.

In the case of the 4.9 per cent drop in the national dairy herd the prospects now looked

brighter and there were signs of a return of confidence in the dairy sector. Output was running at a higher level than a year ago despite the smaller national herd, and producers could look forward to some further improvement in gross margins for the coming year.

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The general air of confidence in the industry was firmer than it was a few months ago and the industry had to keep in mind the importance of the underlying message of the Food From Our Own Land campaign. It was also supported the expansion of agriculture as a statement of Government intent.

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EEC farm prices tussle

BRUSSELS, Feb. 16.

THE AVERAGE price for New Zealand wool this season is likely to fall at least 30 cents a kilo, according to a report of the NZ Wool Marketing Corporation.

He told the meat and wool section of the 1976-77 New Zealand Wool Conference in Auckland that the price of wool was likely to fall at least 30 cents a kilo, according to a report of the NZ Wool Marketing Corporation.

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Other base metal markets were also firm. Stock changes, however, were much in line with expectations.

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COMMODITY MARKET REPORTS AND PRICES

E METALS

Continued to move ahead on Metal Exchange but ended day's trading. The monetary in the African situation caused a buying mood for metals at one time before profit-taking, but the price had to be held at a moderate level.

Lead—London. Prices moved higher on the Metal Exchange but ended day's trading. The monetary in the African situation caused a buying mood for metals at one time before profit-taking, but the price had to be held at a moderate level.

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BRITISH FUNDS

[illegible]**FINANCE AND HIRE PURCHASE**

Low	Stock	Price	Ch Net	Per Cen	Yr Gain
135	Alameda P. D.	230	11.67	1.8	1.8
136	Alameda P. D.	230	11.67	1.8	1.8
137	Alameda P. D.	230	11.67	1.8	1.8
138	Alameda P. D.	230	11.67	1.8	1.8
139	Alameda P. D.	230	11.67	1.8	1.8
140	Alameda P. D.	230	11.67	1.8	1.8
141	Alameda P. D.	230	11.67	1.8	1.8
142	Alameda P. D.	230	11.67	1.8	1.8
143	Alameda P. D.	230	11.67	1.8	1.8
144	Alameda P. D.	230	11.67	1.8	1.8
145	Alameda P. D.	230	11.67	1.8	1.8
146	Alameda P. D.	230	11.67	1.8	1.8
147	Alameda P. D.	230	11.67	1.8	1.8
148	Alameda P. D.	230	11.67	1.8	1.8
149	Alameda P. D.	230	11.67	1.8	1.8
150	Alameda P. D.	230	11.67	1.8	1.8
151	Alameda P. D.	230	11.67	1.8	1.8
152	Alameda P. D.	230	11.67	1.8	1.8
153	Alameda P. D.	230	11.67	1.8	1.8
154	Alameda P. D.	230	11.67	1.8	1.8
155	Alameda P. D.	230	11.67	1.8	1.8
156	Alameda P. D.	230	11.67	1.8	1.8
157	Alameda P. D.	230	11.67	1.8	1.8
158	Alameda P. D.	230	11.67	1.8	1.8
159	Alameda P. D.	230	11.67	1.8	1.8
160	Alameda P. D.	230	11.67	1.8	1.8
161	Alameda P. D.	230	11.67	1.8	1.8
162	Alameda P. D.	230	11.67	1.8	1.8
163	Alameda P. D.	230	11.67	1.8	1.8
164	Alameda P. D.	230	11.67	1.8	1.8
165	Alameda P. D.	230	11.67	1.8	1.8
166	Alameda P. D.	230	11.67	1.8	1.8
167	Alameda P. D.	230	11.67	1.8	1.8
168	Alameda P. D.	230	11.67	1.8	1.8
169	Alameda P. D.	230	11.67	1.8	1.8
170	Alameda P. D.	230	11.67	1.8	1.8
171	Alameda P. D.	230	11.67	1.8	1.8
172	Alameda P. D.	230	11.67	1.8	1.8
173	Alameda P. D.	230	11.67	1.8	1.8
174	Alameda P. D.	230	11.67	1.8	1.8
175	Alameda P. D.	230	11.67	1.8	1.8
176	Alameda P. D.	230	11.67	1.8	1.8
177	Alameda P. D.	230	11.67	1.8	1.8
178	Alameda P. D.	230	11.67	1.8	1.8
179	Alameda P. D.	230	11.67	1.8	1.8
180	Alameda P. D.	230	11.67	1.8	1.8
181	Alameda P. D.	230	11.67	1.8	1.8
182	Alameda P. D.	230	11.67	1.8	1.8
183	Alameda P. D.	230	11.67	1.8	1.8
184	Alameda P. D.	230	11.67	1.8	1.8
185	Alameda P. D.	230	11.67	1.8	1.8
186	Alameda P. D.	230	11.67	1.8	1.8
187	Alameda P. D.	230	11.67	1.8	1.8
188	Alameda P. D.	230	11.67	1.8	1.8
189	Alameda P. D.	230	11.67	1.8	1.8
190	Alameda P. D.	230	11.67	1.8	1.8
191	Alameda P. D.	230	11.67	1.8	1.8
192	Alameda P. D.	230	11.67	1.8	1.8
193	Alameda P. D.	230	11.67	1.8	1.8
194	Alameda P. D.	230	11.67	1.8	1.8
195	Alameda P. D.	230	11.67	1.8	1.8
196	Alameda P. D.	230	11.67	1.8	1.8
197	Alameda P. D.	230	11.67	1.8	1.8
198	Alameda P. D.	230	11.67	1.8	1.8
199	Alameda P. D.	230	11.67	1.8	1.8
200	Alameda P. D.	230	11.67	1.8	1.8

WELDING INDUSTRY—Continued

No.	Stock	Price	%	Div	Yr	Ctr	Gr
1	Mander-Hill	422	11.9	2.9	7	1	1
2	Marshall	402	11.9	2.9	7	1	1
3	Starline	402	11.9	2.9	7	1	1
4	Carrollville (Hill)	83m	4.26	2.9	7	1	1
5	Marshall	83m	4.26	2.9	7	1	1
6	Marshall	83m	4.26	2.9	7	1	1
7	Marshall	83m	4.26	2.9	7	1	1
8	Marshall	83m	4.26	2.9	7	1	1
9	Marshall	83m	4.26	2.9	7	1	1
10	Marshall	83m	4.26	2.9	7	1	1
11	Marshall	83m	4.26	2.9	7	1	1
12	Marshall	83m	4.26	2.9	7	1	1
13	Marshall	83m	4.26	2.9	7	1	1
14	Marshall	83m	4.26	2.9	7	1	1
15	Marshall	83m	4.26	2.9	7	1	1
16	Marshall	83m	4.26	2.9	7	1	1
17	Marshall	83m	4.26	2.9	7	1	1
18	Marshall	83m	4.26	2.9	7	1	1
19	Marshall	83m	4.26	2.9	7	1	1
20	Marshall	83m	4.26	2.9	7	1	1
21	Marshall	83m	4.26	2.9	7	1	1
22	Marshall	83m	4.26	2.9	7	1	1
23	Marshall	83m	4.26	2.9	7	1	1
24	Marshall	83m	4.26	2.9	7	1	1
25	Marshall	83m	4.26	2.9	7	1	1
26	Marshall	83m	4.26	2.9	7	1	1
27	Marshall	83m	4.26	2.9	7	1	1
28	Marshall	83m	4.26	2.9	7	1	1
29	Marshall	83m	4.26	2.9	7	1	1
30	Marshall	83m	4.26	2.9	7	1	1
31	Marshall	83m	4.26	2.9	7	1	1
32	Marshall	83m	4.26	2.9	7	1	1
33	Marshall	83m	4.26	2.9	7	1	1
34	Marshall	83m	4.26	2.9	7	1	1
35	Marshall	83m	4.26	2.9	7	1	1
36	Marshall	83m	4.26	2.9	7	1	1
37	Marshall	83m	4.26	2.9	7	1	1
38	Marshall	83m	4.26	2.9	7	1	1
39	Marshall	83m	4.26	2.9	7	1	1
40	Marshall	83m	4.26	2.9	7	1	1
41	Marshall	83m	4.26	2.9	7	1	1
42	Marshall	83m	4.26	2.9	7	1	1
43	Marshall	83m	4.26	2.9	7	1	1
44	Marshall	83m	4.26	2.9	7	1	1
45	Marshall	83m	4.26	2.9	7	1	1
46	Marshall	83m	4.26	2.9	7	1	1
47	Marshall	83m	4.26	2.9	7	1	1
48	Marshall	83m	4.26	2.9	7	1	1
49	Marshall	83m	4.26	2.9	7	1	1
50	Marshall	83m	4.26	2.9	7	1	1
51	Marshall	83m	4.26	2.9	7	1	1
52	Marshall	83m	4.26	2.9	7	1	1
53	Marshall	83m	4.26	2.9	7	1	1
54	Marshall	83m	4.26	2.9	7	1	1
55	Marshall	83m	4.26	2.9	7	1	1
56	Marshall	83m	4.26	2.9	7	1	1
57	Marshall	83m	4.26	2.9	7	1	1
58	Marshall	83m	4.26	2.9	7	1	1
59	Marshall	83m	4.26	2.9	7	1	1
60	Marshall	83m	4.26	2.9	7	1	1
61	Marshall	83m	4.26	2.9	7	1	1
62	Marshall	83m	4.26	2.9	7	1	1
63	Marshall	83m	4.26	2.9	7	1	1
64	Marshall	83m	4.26	2.9	7	1	1
65	Marshall	83m	4.26	2.9	7	1	1
66	Marshall	83m	4.26	2.9	7	1	1
67	Marshall	83m	4.26	2.9	7	1	1
68	Marshall	83m	4.26	2.9	7	1	1
69	Marshall	83m	4.26	2.9	7	1	1
70	Marshall	83m	4.26	2.9	7	1	1
71	Marshall	83m	4.26	2.9	7	1	1
72	Marshall	83m	4.26	2.9	7	1	1
73	Marshall	83m	4.26	2.9	7	1	1
74	Marshall	83m	4.26	2.9	7	1	1
75	Marshall	83m	4.26	2.9	7	1	1
76	Marshall	83m	4.26	2.9	7	1	1
77	Marshall	83m	4.26	2.9	7	1	1
78	Marshall	83m	4.26	2.9	7	1	1
79	Marshall	83m	4.26	2.9	7	1	1
80	Marshall	83m	4.26	2.9	7	1	1
81	Marshall	83m	4.26	2.9	7	1	1
82	Marshall	83m	4.26	2.9	7	1	1
83	Marshall	83m	4.26	2.9	7	1	1
84	Marshall	83m	4.26	2.9	7	1	1
85	Marshall	83m	4.26	2.9	7	1	1
86	Marshall	83m	4.26	2.9	7	1	1
87	Marshall	83m	4.26	2.9	7	1	1
88	Marshall	83m	4.26	2.9	7	1	1
89	Marshall	83m	4.26	2.9	7	1	1
90	Marshall	83m	4.26	2.9	7	1	1
91	Marshall	83m	4.26	2.9	7	1	1
92	Marshall	83m	4.26	2.9	7	1	1
93	Marshall	83m	4.26	2.9	7	1	1
94	Marshall	83m	4.26	2.9	7	1	1
95	Marshall	83m	4.26	2.9	7	1	1
96	Marshall	83m	4.26	2.9	7	1	1
97	Marshall	83m	4.26	2.9	7	1	1
98	Marshall	83m	4.26	2.9	7	1	1
99	Marshall	83m	4.26	2.9	7	1	1
100	Marshall	83m	4.26	2.9	7	1	1

CLAPERY AND STORES—Continued

[illegible]

ENGINEERING—Continued

[illegible]

24	Newton Hotels...	77	14.69	2
15	Spencer's Inn	30	0.50	—

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

De 8 ^{te} m 81 94	£120	+1	08%
De 8 ^{ta} m 82 95	£120	..	08%

[illegible]

8	Hoteller, G.B. 10p	33	0.73	3.7	3
5	Singh, W. 50p	120	6.3	1.6	8

Scolars (GB)	193		13.5	0.9	10
Scott Canada	100		1.0	0.0	0
Sea Containers	700		92.7	11.0	0
Sealed Air Corp.	27		28.49	1.0	0
Stamps out 10p	27				
Surita (G) 10p	14				
Telecom SpA	32		4.97	3.3	4
De A-NTV SpA	31		0.97	0.0	0
Tele. Remani	105	+1	2.37	2.1	4
Thorn Elect.	250	+2	75.42	4.4	0
Thorn EMI	40	+1	6.08	0.0	0
Ty-Pac F.W. 10p	24		71.12	2.8	7
Ultra Electronic	620	-18	0.99	9.2	0
Unicredit	40		1.45	0.0	0
Univ. Scientific	90		2.61	0.0	0
Wand & Gold	40	+1	4.45	2.5	7
Wendell	10				
Westinghouse	340		1.73	0.0	0
Whiteh't El. Sp.	10		0.59	0.0	0
Wipac	10		1.00	0.0	0
Wipac (G)	203	-1	3.94	7.5	3

T.C.K. Group	129	15.19	24
Tec 100	16	0.8	•

[illegible]

18	Canning (W) _____	42	-1	269
32	Cape Industries .	245	-8	1668

[illegible]

LDING INDUSTRY, TIMBER & ROADS	50	22
	28	9

[illegible]

74	-1	139	1.6	81
22	-1	20.35	1.1	24

61	24	1.25	1.04
62	25	1.07	1.23
63	26	1.11	1.10
64	27	1.18	1.03
65	28	1.02	1.12
66	29	1.05	1.07
67	30	1.08	1.04
68	31	1.10	1.06
69	32	1.12	1.08
70	33	1.14	1.10
71	34	1.16	1.12
72	35	1.18	1.14
73	36	1.20	1.16
74	37	1.22	1.18
75	38	1.24	1.20
76	39	1.26	1.22
77	40	1.28	1.24
78	41	1.30	1.26
79	42	1.32	1.28
80	43	1.34	1.30
81	44	1.36	1.32
82	45	1.38	1.34
83	46	1.40	1.36
84	47	1.42	1.38
85	48	1.44	1.40
86	49	1.46	1.42
87	50	1.48	1.44
88	51	1.50	1.46
89	52	1.52	1.48
90	53	1.54	1.50
91	54	1.56	1.52
92	55	1.58	1.54
93	56	1.60	1.56
94	57	1.62	1.58
95	58	1.64	1.60
96	59	1.66	1.62
97	60	1.68	1.64
98	61	1.70	1.66
99	62	1.72	1.68
100	63	1.74	1.70
101	64	1.76	1.72
102	65	1.78	1.74
103	66	1.80	1.76
104	67	1.82	1.78
105	68	1.84	1.80
106	69	1.86	1.82
107	70	1.88	1.84
108	71	1.90	1.86
109	72	1.92	1.88
110	73	1.94	1.90
111	74	1.96	1.92
112	75	1.98	1.94
113	76	2.00	1.96
114	77	2.02	1.98
115	78	2.04	2.00
116	79	2.06	2.02
117	80	2.08	2.04
118	81	2.10	2.06
119	82	2.12	2.08
120	83	2.14	2.10
121	84	2.16	2.12
122	85	2.18	2.14
123	86	2.20	2.16
124	87	2.22	2.18
125	88	2.24	2.20
126	89	2.26	2.22
127	90	2.28	2.24
128	91	2.30	2.26
129	92	2.32	2.28
130	93	2.34	2.30
131	94	2.36	2.32
132	95	2.38	2.34
133	96	2.40	2.36
134	97	2.42	2.38
135	98	2.44	2.40
136	99	2.46	2.42
137	100	2.48	2.44
138	101	2.50	2.46
139	102	2.52	2.48
140	103	2.54	2.50
141	104	2.56	2.52
142	105	2.58	2.54
143	106	2.60	2.56
144	107	2.62	2.58
145	108	2.64	2.60
146	109	2.66	2.62
147	110	2.68	2.64
148	111	2.70	2.66
149	112	2.72	2.68
150	113	2.74	2.70
151	114	2.76	2.72
152	115	2.78	2.74
153	116	2.80	2.76
154	117	2.82	2.78
155	118	2.84	2.80
156	119	2.86	2.82
157	120	2.88	2.84
158	121	2.90	2.86
159	122	2.92	2.88
160	123	2.94	2.90
161	124	2.96	2.92
162	125	2.98	2.94
163	126	3.00	2.96
164	127	3.02	2.98
165	128	3.04	3.00
166	129	3.06	3.02
167	130	3.08	3.04
168	131	3.10	3.0

Alum'n'm Corp...	47	2.95	6.2	9.7	2
Amal. Power -	55	3.05	2.7	8.5	6

[illegible]

Walsby Hughes ..	126x	16.0	3.7
Wolston The 10m	121-	0.7	3.71

[illegible]

32	Davies & Newton	92	+5	76.13
34	Dawson Barton	45		47.44

17	Ruocco Is. 20p.	58	+1	4.92
18	La Rea 20p.	54		4.97
19	Drake Is. 20p.	54		4.97
20	Drake Is. 20p.	54		4.97
21	Drake Is. 20p.	54		4.97
22	Drake Is. 20p.	54		4.97
23	Drake Is. 20p.	54		4.97
24	Drake Is. 20p.	54		4.97
25	Drake Is. 20p.	54		4.97
26	Drake Is. 20p.	54		4.97
27	Drake Is. 20p.	54		4.97
28	Drake Is. 20p.	54		4.97
29	Drake Is. 20p.	54		4.97
30	Drake Is. 20p.	54		4.97
31	Drake Is. 20p.	54		4.97
32	Drake Is. 20p.	54		4.97
33	Drake Is. 20p.	54		4.97
34	Drake Is. 20p.	54		4.97
35	Drake Is. 20p.	54		4.97
36	Drake Is. 20p.	54		4.97
37	Drake Is. 20p.	54		4.97
38	Drake Is. 20p.	54		4.97
39	Drake Is. 20p.	54		4.97
40	Drake Is. 20p.	54		4.97
41	Drake Is. 20p.	54		4.97
42	Drake Is. 20p.	54		4.97
43	Drake Is. 20p.	54		4.97
44	Drake Is. 20p.	54		4.97
45	Drake Is. 20p.	54		4.97
46	Drake Is. 20p.	54		4.97
47	Drake Is. 20p.	54		4.97
48	Drake Is. 20p.	54		4.97
49	Drake Is. 20p.	54		4.97
50	Drake Is. 20p.	54		4.97
51	Drake Is. 20p.	54		4.97
52	Drake Is. 20p.	54		4.97
53	Drake Is. 20p.	54		4.97
54	Drake Is. 20p.	54		4.97
55	Drake Is. 20p.	54		4.97
56	Drake Is. 20p.	54		4.97
57	Drake Is. 20p.	54		4.97
58	Drake Is. 20p.	54		4.97
59	Drake Is. 20p.	54		4.97
60	Drake Is. 20p.	54		4.97
61	Drake Is. 20p.	54		4.97
62	Drake Is. 20p.	54		4.97
63	Drake Is. 20p.	54		4.97
64	Drake Is. 20p.	54		4.97
65	Drake Is. 20p.	54		4.97
66	Drake Is. 20p.	54		4.97
67	Drake Is. 20p.	54		4.97
68	Drake Is. 20p.	54		4.97
69	Drake Is. 20p.	54		4.97
70	Drake Is. 20p.	54		4.97
71	Drake Is. 20p.	54		4.97
72	Drake Is. 20p.	54		4.97
73	Drake Is. 20p.	54		4.97
74	Drake Is. 20p.	54		4.97
75	Drake Is. 20p.	54		4.97
76	Drake Is. 20p.	54		4.97
77	Drake Is. 20p.	54		4.97
78	Drake Is. 20p.	54		4.97
79	Drake Is. 20p.	54		4.97
80	Drake Is. 20p.	54		4.97
81	Drake Is. 20p.	54		4.97
82	Drake Is. 20p.	54		4.97
83	Drake Is. 20p.	54		4.97
84	Drake Is. 20p.	54		4.97
85	Drake Is. 20p.	54		4.97
86	Drake Is. 20p.	54		4.97
87	Drake Is. 20p.	54		4.97
88	Drake Is. 20p.	54		4.97
89	Drake Is. 20p.	54		4.97
90	Drake Is. 20p.	54		4.97
91	Drake Is. 20p.	54		4.97
92	Drake Is. 20p.	54		4.97
93	Drake Is. 20p.	54		4.97
94	Drake Is. 20p.	54		4.97
95	Drake Is. 20p.	54		4.97
96	Drake Is. 20p.	54		4.97
97	Drake Is. 20p.	54		4.97
98	Drake Is. 20p.	54		4.97
99	Drake Is. 20p.	54		4.97
100	Drake Is. 20p.	54		4.97

30)	J De Zep -	10833	...	17.6	♦	1
19	John K Johnson	96	...	15.0	35	

30	1st Point E	261		18 13	4.0
31	1st Timber	202	-2	17 17	
32	1st Point E	261		18 13	
33	1st Timber	202		17 17	
34	1st Point E	261		18 13	
35	1st Timber	202		17 17	
36	1st Point E	261		18 13	
37	1st Timber	202		17 17	
38	1st Point E	261		18 13	
39	1st Timber	202		17 17	
40	1st Point E	261		18 13	
41	1st Timber	202		17 17	
42	1st Point E	261		18 13	
43	1st Timber	202		17 17	
44	1st Point E	261		18 13	
45	1st Timber	202		17 17	
46	1st Point E	261		18 13	
47	1st Timber	202		17 17	
48	1st Point E	261		18 13	
49	1st Timber	202		17 17	
50	1st Point E	261		18 13	
51	1st Timber	202		17 17	
52	1st Point E	261		18 13	
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Michael J. 10p	9	+1	—	—	—
Mod. Edgaras. 50p	73		3.49	2.9	7.4

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2	Farey	77 ¹ / ₂	+1 ₂	b3.41	3.3	6.8	10.
	Inside Line 300	39		94%	3.7	4.6	6.

[illegible]

Importers	50	-1	2.76	4.7	8
Millions	2		2.5	2.2	2

[illegible]

4	Hawley-G ball 5p.	3	—	—
5	Hawlin 10p.	31.40	±0.67	3

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MINES

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Retail sales show slight upturn

By William Keegan,
Economics Correspondent

LATEST reports from the retail trade confirm that the worst sales levels of the recession have been passed, but real recovery is yet to come. Helped by the December hire purchase relaxations and buoyant annual sales figures, the volume of retail trade rose 1.9 per cent. between December and January, bringing the official index (1971=100) to 109.0 (provisional).

Department of Industry figures show that in value terms sales last month were running about 16 per cent. up on January last year.

This apparent increase was more than accounted for by the rate of inflation. After allowing for price increases, retail sales in volume terms were 3.4 per cent. down on January last year.

In the three months from November to January, inclusive, the volume of sales was 1.1 per cent. above the level of the previous three months—suggesting a mild recovery—but still 4 per cent. down on the average level reached towards the end of 1974 and early last year.

Although the official figures are seasonally adjusted, the suspicion for several years has been that the January estimate is unduly influenced by the annual sales figures—the theory being that concern about inflation is encouraging more and more consumers each year to concentrate their expenditure into the sales periods.

Retail trade sources maintained last night that this had certainly happened in the latest sales, and that after a buoyant January, this month appears to have brought increases of nearer 12 per cent. on last year for many department stores—pointing to a very large drop in volume.

But, annual sales apart, there can be little doubt from the recent sequence of monthly volume figures that the bottom of the trough has now been reached.

RETAIL SALES			
Year	Volume	Value	Percentage
	Seasonally adjusted	Not seasonally adjusted	change compared with earlier
(1971=100)			
1974 1st	109.6	+11	
2nd	107.8	+15	
3rd	111.2	+18	
4th	111.3	+18	
1975 1st	111.3	+22	
2nd	108.9	+24	
3rd	105.5	+18	
4th	105.8	+15	
1976 Jan.	111.3	+18	
Feb.	111.2	+19	
Dec.	110.5	+17	
1975 Jan.	112.5	+22	
Feb.	104.8	+15	
Nov.	105.2	+16	
Dec.	107.0	+15	
1976 Jan.	109*	+16*	
* provisional			

Continued from Page 1

Finniston

But he was confident the Corporation had reached "a new understanding and that resort to outside arbitration such as occurred before the commissioning of Llanwrn would not be necessary in the future."

Mr. Smith forecast more difficulties ahead, but expressed his hope that the new agreement would work, and that the blast-furnacemen would co-operate in the running of the furnace, though he failed to commit his members to carrying out the Llanwrn agreement at Redcar, where another facility is under construction.

This next phase of investment is particularly worrying the corporation in its relations with the union.

Commissioning of the Llanwrn No. 3 furnace was delayed more than nine months because of a dispute with the blast-furnacemen.

Mr. Ennals was now "either reneging on this responsibility

LOCKHEED INQUIRY SENATOR IN LONDON

Bribes probe aimed at 'remedial action'

BY MALCOLM RUTHERFORD

U.S. CONGRESSIONAL inquiries involving Lockheed were aimed at establishing a framework for remedial action, Senator Frank Church said in London yesterday.

This would take the form of legislation compelling greater corporate financial disclosure, he said.

Senator Church is chairman of the committee which has produced allegations about the financial activities of Lockheed and other multi-national corporations.

He said that there was no question of the legislation being retroactive. But it should ensure a "reasonable relationship between the service rendered and the fee paid."

The way to do this was to require large companies to disclose the payment of commissions.

Senator Church told a Press conference it might be necessary to investigate the activities of several more multi-nationals. But it was not the intention to go through the whole lot.

The aim was to determine the extent and pattern of what had been going on for the purpose of reform. "In the case of the oil and aerospace companies," he said, "we are pretty close to this already."

The senator also disclosed that the committee was not yet ready to begin public hearings on the West German end of the Lockheed case, because the evidence was conflicting.

Asked about possible British involvement in the allegations, Senator Church said that he had seen nothing to implicate either a British company or a British official.

Senator Church described the resignation last Friday of Mr. Daniel Haughton, Lockheed chairman, and Mr. Carl Krotzsch, vice-chairman, as "proper and long overdue."

It was now up to Congress to take the necessary legislative action on disclosure.

The senator also said he hoped that such investigations would not be left to the U.S. Government alone.

The whole question of paying large financial commissions should properly be the subject of an international convention under which Western governments would take concerted action to stop them.

Senator Church, who had talks



SENATOR FRANK CHURCH: "International convention needed to stop companies paying large commissions."

with Mr. Harold Wilson, the Prime Minister, was in London on his way to Brussels to address the International Convention on Soviet Jewry.

David Bell writes from Washington: The Senate subcommittee which has been investigating charges of illegal overseas payments by Lockheed has evidence that the company has been involved in three more countries than so far made public.

Senate sources confirmed a report in Newsweek, the weekly news magazine, that Lockheed paid about \$3.6m. on a \$45m. deal in Nigeria, \$1.3m. on a \$20m. sale of cargo aircraft to Spain, and a sizable fee to a Greek general for a six-figure spare parts sale.

The magazine also alleges that the company paid about \$9m. on sales of \$117m. in South Africa, and a similar fee to the French for a sale of cargo aircraft to Greece.

He said that U.S. arms manufacturers are dependent on many arms at the French and 15 times as many as the British in 1974.

The sources stressed that it was not at all clear that these new sums were bribes rather than legitimate commissions.

The subcommittee has a small staff and has not yet been able to investigate any of the fees in the three countries mentioned.

It is understood that the committee has learned about them from Lockheed documents.

In the Washington Post, Herr Franz Josef Strauss, chairman of the West German Christian Social Union, denies in a long letter that either he or the CSU ever received any payments from Lockheed.

Senator William Proxmire has proposed that the U.S. should lead the way in stopping the payment of bribes throughout the world.

He said that U.S. arms manufacturers are dependent on many arms at the French and 15 times as many as the British in 1974.

Government turns down fuel bill aid schemes

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT says that it cannot help the poor with their fuel bills through changes in the tariff structures, but it has called on the gas and electricity industries to suspend the disconnection of pensioners' homes until the beginning of June.

Lord Lovell-Davis, Parliamentary Under-Secretary and the Government's Energy spokesman in the Lords, is also to review the payment and collection arrangements of the gas and electricity sectors after reports that charges are being made for emptying gas meters which have become full before the normal collection date.

The Government report on the tariff system was welcomed by the fuel industries, which have contended that poorer consumers should be helped through social services rather than through a widespread change in the charging structure.

On the other hand, Mr. Hugh Faulkner, director of Help The Aged, regretted that the Government saw "no way of removing distress and hardship experienced by so many pensioners."

The organisation made two recommendations: That electricity and gas bills should be charged on the average of the

corresponding period of last year; and that there should be an increase in the basic pension at the earliest possible date.

Mr. Faulkner said that a single person's pension needed to be at least £17 a week.

The Government has been looking at the tariff structure of the gas and electricity industries in an attempt to find a way of alleviating hardship.

It reviewed the possibility of adjusting the tariffs to favour small consumers, by introducing concessionary half-price tariffs of making free allowances of electricity and gas to specified groups of consumers, and of providing universal free fuel allowance with a tax claw-back for the better off.

Complicated

In essence, all these possibilities were dismissed as too costly to the Exchequer or administratively too complicated.

The report, Energy Tariffs and the Poor, published by the Department of Energy, also concludes that the various schemes would duplicate the provision for fuel in existing social security benefits.

The Government felt that it would be impossible to make

general tariff adjustments which would not further harm those in need and possibly benefit richer consumers.

Tariffs geared to favour small consumers might hit the half million pensioner-homes in England and Wales which, because they are dependent on electric bar fires, consume more than the average rate of electricity.

A free fuel allowance offset by a tax-clawback from the better-off would be costly and complicated.

One system discussed in the report would involve an increase in public expenditure of £1bn. Even with a clawback arrangement, there would be a net Exchequer cost approaching £100m.

Distribution would also be haphazard, including levying £22 a year in tax from many people who are at present not liable to tax.

Mr. Anthony Wedgwood Benn, Energy Secretary, told the Commons that the suspension of discounts would raise the anxiety of the aged for the time being and would give the industries and pensioners a chance to work out methods of payment.

Parliament, Page 12

Wilson defends Whitehall

BY RICHARD EVANS, LOBBY CORRESPONDENT

MR. HAROLD WILSON last night defended the Civil Service from the "unfair" attacks directed against it by vociferous critics in Parliament and in the Press.

But he said that "maximum economy" should be applied by sympathetic, but thorough, continuing reviews, investigation and consultation.

He had never known such a degree of continuing investigation in both management of the organisation and care over staff relations as there was today.

The theme of the Prime Minister's speech, at a reception in Whitehall for Mr. Cyril Plant, chairman of the TUC, was that the Civil Service in many instances was criticised unfairly for increasing its numbers in

order to carry out complex and sophisticated work given to it by Parliament.

"What is unfair is that this kind of criticism should appear to become personally directed, and by aggregation include hundreds of thousands of people carrying out policies which some of the more vociferous critics have either advocated in Parliament or in the Press."

Ban on pit overtime defied by 1 in 3

By Roy Rogers,
Labour Correspondent

ABOUT ONE-THIRD of Britain's miners were working normally yesterday in defiance of their leaders' call for a national overtime ban in protest at moves to close down Langwith colliery in Derbyshire.

With the ban less than a day old, it was becoming increasingly likely that Mr. Joe Gormley, the moderate president of the National Union of Mineworkers, who has opposed the ban all along, would call a special meeting of the union executive this week to reconsider the situation.

Mr. Gormley will be particularly keen to have the ban lifted in time for key talks on Friday when the union and the National Coal Board will seek to persuade the Central Electricity Generating Board to burn more coal in the power stations.

Moderates on the union's national executive are certain to turn out in force for the special meeting to avoid a repetition of last week's vote when the ban was imposed by 11 votes to 10 with two abstentions and two moderates absent.

Mr. Gormley then declared the vote a "fiasco"—a description which certainly seems to have been borne out by events. For miners are clearly split on the issue as shown in the militant Yorkshire NUM area where men at 23 pits have refused to implement the sanctions even though their area union officials are overwhelmingly in support of the ban.

Among Yorkshire pits defying the call is Woolley colliery near Barnsley where Mr. Gormley, the Yorkshire NUM president, began his union career.

Last night Mr. Scargill blamed the confusion on a misleading "letter" made by Mr. Gormley and other NUM officials, and called for a national delegate conference to discuss the Langwith closure.

South Derbyshire miners yesterday voted overwhelmingly against the ban as did most branches in the union's North Staffordshire area. Miners in Nottinghamshire and the North East have already come out against the ban and several have gone out to Mr. Gormley to convene a meeting of the executive.

Areas supporting the industrial action include South Wales where production was down by 2,350 tons yesterday as a result of the ban and "exceptionally high" absenteeism. North Derbyshire, Lancashire, Kent and the hulk of Yorkshire.

Coalfield, another traditionally militant area, considers the matter at a special conference tomorrow.

Behind the dispute lie fears among some miners that this may be the beginning of new "out" clauses. But an independent mining engineer engaged by the NUM has corroborated the Coal Board's view that it would be uneconomical to open up a new seam at Langwith where the present one pits out in three years.

All 880 Lanwith miners have been offered jobs at nearby pits, one of which, Shirebrook, is to be the subject of a £16m. development.

The overtime is unlikely to have any real effect before Monday, when the lack of week-end overtime could delay Monday production shifts. By that time, however, the sanctions may have been lifted.

Heath gets tough over Europe

By Richard Evans,
Lobby Correspondent

MR. EDWARD HEATH last night roundly condemned Mr. Harold Wilson and the Government for "throwing away" their opportunities in the Community.

He called for Britain to lead a move towards a joint Community foreign policy.

"It would be a mistake to be over-ambitious. There must be a gradual, step-by-step approach," the former Prime Minister said in the Montague Burton lecture at Leeds University.

The three areas where he thought a common European position was both necessary and feasible were in relations towards the Third World, relations with the U.S., and in East-West matters.

It was not enough to formulate ad hoc policies as problems arose, now that the Community was less preoccupied with adjustment to its enlarged membership, there could be no reason for delay in regaining its momentum.

It was no secret that the other members of the Community were bitterly disappointed at the failure of the present British Government to provide any leadership, or even show that it understood the natural working of the market.

Labour had remained paralysed by its internal differences, and the way it had thrown away its opportunities was "a tragedy."

THE LEX COLUMN

The next North Sea financing

Index fell 5.3 to 400.2

The financing of independent U.K. interests in the North Sea is scheduled to be taken a step further in the next couple of weeks, when Rothschild and Barclays hope to finalise a £60m. syndicated loan package for Tricentral. The indications are that it will be in the form of a non-recourse, sterling-denominated loan, which has now been in syndication for a couple of months. Tricentral has conceded the principle of 51 per cent. Government participation in its 9.1 per cent. stake in the Thistle field, and the Government guarantees will presumably allow rates to be set fairly finely. Against that, the group has already agreed to a Government royalty of at least 5 per cent. on the value of oil produced compared with, for example, the 3 per cent. royalty featured in Thomson's Piper and Claymore financing deals.

This package will take some strain off Tricentral's balance-sheet, which at the end of 1974 showed net borrowings of £12.4m. against net worth of £11.6m., including £1.7m. of Thistle development costs. Since then, its Thistle outgoings have rocketed. However, the present value of its holding in the field, on one estimate, is around £25m. And the group yesterday announced that a revaluation of its North American oil and gas interests has thrown up an estimated surplus of £14m.—which is equivalent to the entire market capitalisation of the company at 60p.

This revaluation has no immediate bearing on the North Sea financing package, which is to be on a non-recourse basis. However, it may indirectly aid any equity issue the company may wish to make to finance its £12m. of annual exploration commitments outside Thistle. A dividend is unlikely for 1975, to judge by the recent performance of the commercial division.

But an interim payment is a possibility this year, which would also help any issue along.

Lonrho

Lonrho's quarterly profits have followed a fairly uniform pattern in recent years—with the agricultural side having a major impact on the first three months and the last—so the news that attributable profits in the first quarter of 1975-76 are up from £4.8m. to £6.9m. provides a helpful pointer to

the year's outcome. On past form, Lonrho could be heading for overall earnings of roughly £30m. compared with £22m. last time, following the flood of equity issues over the past 12 months, that would represent an increase of just about a

nylon for Enkalon. A group is currently at roughly 85 per cent. capacity. At the same time, work force has been by almost a quarter.

The losses take the funds down to around and to judge by the charge during the total debt may have roughly £11m. of borrowings—would account for about a liquidity seems to have an improving trend months, and although dividend prospects as question, a market cap of £53m. at 20p seems able speculation non group might hope to the right end of the c sales totalling around

Norsk Hydro

Norsk Hydro's latest confirms that going to fall this; Enkalon is beginning through in a big w the group is now profit on its oil oper. 1975-76 is clearly got the bottom of the cycle. Indeed, over couple of months, price has done much total status. At £3.31 a fifth share of 1975 that compares with so in mid-December. Oslo market was beset by shipping a

Six month profits cent. lower, and tax, and the forecast a similar sort of st the year to June. 5 historic earnings n around 144 (or 30 p premium) the shan the cheapest route ment i the North S now come to more. of turnover, and bet the decade earn synthetic fibre industry source could be hal total. Meanwhile, fe finally starting to t on until the third quarter of they accounted for last year. At that stage, production was running at no more than about three-fifths of capacity.

Prices still seem to be pretty short by able to m. fat, and demand for nylon from the hosiery industry is also dull. But polyester volume has been healthier and, follow. ing a marked change of the group's earnings is now more important than cyclical.

British Enkalon

British Enkalon lost £3.2m. in the first half of 1975 and £2.8m. in the second; it is now just about in the black. That gives a vivid impression of the turnaround in the U.K. synthetic fibre industry which, in Enkalon's case, did not reach the bottom of the recession until the third quarter of last year. At that stage, production was running at no more than about three-fifths of capacity.

Prices still seem to be pretty short by able to m. fat, and demand for nylon from the hosiery industry is also dull. But polyester volume has been healthier and, follow. ing a marked change of the group's earnings is now more important than cyclical.

Norsk reckons it shortly be able to m. fat, and demand for nylon from the hosiery industry is also dull. But polyester volume has been healthier and, follow. ing a marked change of the group's earnings is now more important than cyclical.

Weather

U.K. TO-DAY
COLD. Mainly dry.
London, S.E. England, E. Anglia, Channel Is.
Cloudy. Snow showers, chiefly near coast. Wind E, fresh. Max. 2C (36F).

E. N.E. Cent. S. and Cent. N. England, Midlands
Cloudy. Mainly dry. Wind S.E., moderate. Max. 2C (36F).

S.W. England
Cloudy. Drizzle or light snow. Wind S.E., moderate. Max. 4C (39F).

N.W. England, Wales, Scotland, I. of Man
Dry. Bright intervals. Wind S., fresh. Max. 6C (43F).

Dry. Wind S., fresh. Max. 6C (43F).
Outlook: Mostly dry, but some snow in S.E.

Lighting-up: London 17.47, Manchester 17.51, Glasgow 17.53, Belfast 18.03.

BUSINESS CENTRES

Amst'rdam	C	3	37	Stockholm	S	32	30
Bombay	C	3	38	St' Petersburg	S	1	14
Buenos Aires	C	3	38	S' Francisco	C	0	23
Canton	C	2	36	Singapore	C	24	73
Calcutta	S	5	41	Tokyo	S	0	73
Colon	C	3	27	Tientsin	S	16	51
Hankow	C	24	73	Tokyo	R	11	82
Hong Kong	C	3	38	Toronto	C	2	57
London	C	8	46	Vladivostok	R	3	37
Manila	S	3	36	Warsaw	C	0	23
Medan	C	3	38	Zurich	C	0	23

HOLIDAY RESORTS

Blackpool	F	2	47	London	F	9	44
Bordeaux	S	3	37	Madison	F	13	72
Boston	S	3	37	Malaga	C	13	55
Buenos Aires	C	0	33	Manila	F	14	57
Calcutta	S	15	59	Nairobi	S	24	73
Cape Town	C	29	41	Nassau	S	24	71
Cardiff	F	17	63	Nice	F	14	57
Cherbourg	C	17	63	Osaka	F	11	52
Cairo	C	13	55	Rhodes	S	19	61
Colon	C	13	55	Saltburg	C	2	36
Damascus	C	13	55	Tanger	C	14	57
Danzig	Sr	1	34	Tokyo			

Snow reports Page 8

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